



Legislative Fiscal Bureau

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August 1, 2007

TO: Members
Committee of Conference on 2007 Senate Bill 40

FROM: Bob Lang, Director

SUBJECT: Budget Recommendations of the Joint Committee on Finance Adopted by the Senate and Assembly

At the request of Speaker Huebsch, this office has prepared an identification of those items of the 2007-09 budget that were included in the recommendations of the Joint Committee on Finance and adopted by both the Senate and Assembly in their versions of the budget. In total, there are 571 provisions that meet this criteria.

The document shows each item of agreement of Joint Finance, the Senate, and the Assembly. In some instances, a recommendation of the Governor was incorporated by Joint Finance, the Senate, and the Assembly. Because, in those cases, the Senate and Assembly agreed with Joint Finance, they are included in the document.

The fiscal effect of the items of this document as a change to the budget base is shown below:

GPR-REV	\$51,871,100
GPR	1,021,760,700
GPR-Lapse	<u>203,160,300</u>
Net Effect on General Fund Balance	-\$766,729,300
FED	\$434,781,400
PR	372,305,300
PR-REV	-8,700
SEG	44,418,000
SEG-REV	240,115,300
BR	516,439,300

BL/lah
Attachment

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ADMINISTRATION

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide standard budget adjustments totaling \$390,000 GPR, \$831,600 FED and -23.0 FED positions, \$3,708,600 PR, and \$36,200 SEG in 2007-08 and \$393,600 GPR, \$76,800 FED and -27.0 FED positions, \$3,708,600 PR, and \$36,200 SEG in 2008-09. Adjustments are for: (a) turnover reduction (-\$117,100 GPR and -\$1,031,500 PR annually); (b) removal of non-continuing elements from the base (-\$857,000 FED and -23.0 FED positions in 2007-08 and -\$1,611,800 FED and -27.0 FED positions in 2008-09); (c) full funding of continuing salaries and fringe benefits (\$505,100 GPR, \$1,688,600 FED, \$4,142,200 PR, and \$36,200 SEG annually); (d) reclassifications (\$2,000 GPR and \$26,400 PR in 2007-08 and \$5,600 GPR and \$26,400 PR in 2008-09); (e) overtime (\$543,300 PR annually); (f) night and weekend differential (\$28,200 PR annually); and (g) minor offsetting transfers within the same appropriation.

	Funding	Positions
GPR	\$783,600	0.00
FED	908,400	-27.00
PR	7,417,200	0.00
SEG	72,400	0.00
Total	\$9,181,600	-27.00

2. DEBT SERVICE REESTIMATE [LFB Paper 175]

Governor/Joint Finance/Senate/Assembly: Reestimate the agency's debt service costs by -\$2,009,000 GPR and -\$1,223,300 PR in 2007-08 and -\$1,997,400 GPR and -\$1,705,400 PR in 2008-09 for the following programs: (a) general fund supported principal and interest for educational technology infrastructure in schools (-\$2,122,400 GPR in 2007-08 and -\$2,125,100 GPR in 2008-09); (b) general fund supported principal and interest for the Black Point Estate in Lake Geneva (\$113,400 GPR in 2007-08 and \$127,700 GPR in 2008-09); (c) principal repayment and interest for buildings used to house state agencies (\$515,400 PR in 2007-08 and \$28,600 PR in 2008-09); (d) principal repayment and interest for parking in Madison (\$13,200 PR in 2007-08 and \$12,800 PR in 2008-09); (e) program revenue supported principal and interest for educational technology infrastructure in schools (-\$1,746,200 PR in 2007-08 and -\$1,741,100 PR in 2008-09); and (f) program revenue supported principal and interest for educational technology infrastructure for public library boards (-\$5,700 PR annually).

GPR	- \$4,006,400
PR	- 2,928,700
Total	- \$6,935,100

3. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE

Governor/Joint Finance/Senate/Assembly: Provide \$9,796,200

GPR-REV	\$48,763,100
GPR	\$9,796,200
GPR-Lapse	\$191,160,300

in 2008-09 to meet the required debt service appropriation level associated with the appropriation obligation bonds issued to pay the state's Wisconsin Retirement System unfunded prior service liability as well as its accumulated sick leave conversion credit program liability. This required appropriation level must equal the maximum possible payment that could be made in a given year under the debt structure associated with these obligations and all ancillary agreements related to the obligations. The funding level that is required to be appropriated by Legislature to meet this requirement in the biennium would be \$190,833,100, the current base level amount, in 2007-08 and \$200,639,300 in 2008-09.

Estimate lapses to the general fund of \$93,707,200 in 2007-08 and \$97,453,100 in 2008-09 associated with the following: (a) lapses from agency general fund operations appropriations attributable to the GPR share of debt service on the obligation bonds; and (b) lower than budgeted debt service payments on the bonds. Increase base level GPR-Earned estimates under DOA by \$21,356,400 in 2007-08 and \$27,406,700 in 2008-09 attributable to payments by SEG and PR state agencies to offset a portion of this debt service. Total GPR-Earned from these sources would be \$97,125,900 in 2007-08 and \$103,176,200 in 2008-09.

4. LIMIT ON ADMINISTRATIVE EXPENSES FOR LOW-INCOME ENERGY ASSISTANCE [LFB Paper 100]

Governor: Delete the \$1,100,000 statutory limit on the amount federal funding that can be used for DOA's expenses for administering federal grants for the low-income energy assistance program. Specify that the Department's Secretary would establish the maximum amount that could be used for administrative expenses.

Joint Finance/Senate/Assembly: Delete provision.

5. FUNDING AND POSITION TRANSFERS

Governor/Joint Finance/Senate/Assembly: Provide for position transfers totaling -2.0 GPR positions, \$804,400 PR and 3.5 PR positions, and -\$162,900 SEG and -1.5 SEG positions annually. The proposed annual changes are shown in the table below. The transfers would be related to the following: (a) transfers of purchasing agent positions into the procurement services appropriation; (b) transfer of positions responsible for accounting, budgeting, and personnel services for the public benefits program to the materials and services to state agencies appropriation; (c) transfer of positions from internal IT support to statewide agency IT support appropriations; (d) transfer of internal facilities management staff to the capital planning and building construction services appropriation; (e) transfer of a geographic information service employee to the Division of Enterprise Technology; and (f) other modifications aligning the funding of positions with staff reassignments.

	Funding	Positions
GPR	\$0	- 2.00
PR	1,608,800	3.50
SEG	<u>- 325,800</u>	<u>- 1.50</u>
Total	\$1,283,000	0.00

<u>Title</u>	<u>Fund Source</u>	<u>Salary and Fringe Benefits</u>	<u>Supplies and Services</u>	<u>Total</u>	<u>Positions</u>
General Program Operations; Supervision and Management	GPR	-\$187,200	\$187,200	\$0	-2.00
Land Information	PR	-\$112,600	\$0	-\$112,600	-1.00
Justice Information System	PR	-337,100	0	-337,100	-3.55
Telecommunications Systems	PR	-775,400	0	-775,400	-7.40
Printing, mail, communication and IT services	PR	1,411,200	0	1,411,200	13.35
Procurement Services	PR	382,300	0	382,300	5.00
Materials and Services to State Agencies	PR	-197,100	197,100	0	-1.65
Capital Planning	PR	188,700	0	188,700	3.00
Financial Services	PR	113,500	0	113,500	1.00
Risk Management	PR	-66,200	0	-66,200	-1.00
Facility Operations and Maintenance; Police and Protection	PR	<u>-257,400</u>	<u>257,400</u>	<u>0</u>	<u>-4.25</u>
PR Total		\$349,900	\$454,500	\$804,400	3.50
General Program Operations; Public Benefits	SEG	-\$162,900	\$0	-\$162,900	-1.50
Total		-\$200	\$641,700	\$641,500	0.00

**6. RENTAL COSTS IN STATE-OWNED FACILITIES [LFB
Paper 102]**

PR	\$5,357,800
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Governor: Provide \$2,405,300 in 2007-08 and \$2,952,500 in 2008-09 for facility operations and maintenance and police protection functions, including the following: (a) \$1,862,900 in 2007-08 and \$2,410,100 in 2008-09 for fuel and utility increases; and (b) \$542,400 annually for the Continuity of Operations Plan and the Continuity of Government initiative, related to emergency operations space and supplies and services for disaster response and preparedness planning personnel. Under current law, the Department assesses rental fees to agencies for state-owned or operated facilities, including custodial and maintenance services, minor projects, fuel and utilities, supplemental costs for child care facilities, and police and protection services.

Joint Finance/Senate/Assembly: Delete funding from Department of Corrections' general program operations appropriation due to payments from the Department of Administration for a portion of the lease for the Continuity of Operations Plan and the Continuity of Government initiative and the integrated business information system. [see "Corrections -- Departmentwide."]

7. PARKING COSTS IN MADISON

PR	\$240,500
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Governor/Joint Finance/Senate/Assembly: Provide \$105,600 in 2007-08 and \$134,900 in 2008-09 for financing the costs of parking in Madison. Under current law, the Department

establishes fees for individuals that use the state-owned parking facilities. The fees must cover the costs of land acquisition and construction, financing, administration, maintenance, and operation of the parking facilities.

8. DIVISION OF HEARINGS AND APPEALS

Governor/Joint Finance/Senate/Assembly: Provide \$10,000 GPR and \$240,000 PR and 2.0 PR positions annually for hearings and appeals related to the following: (a) \$200,000 PR and 2.0 PR positions annually for 2.0 attorney positions that would act as Administrative Law Judges (ALJ) for Department of Corrections cases; and (b) \$10,000 GPR and \$40,000 PR annually related to increased costs of fuel, contract transcription fees, language interpreters, postage, and fees charged by the Department for the procurement services. Funding related the ALJ's would include: (a) \$124,800 PR annually for salaries; (b) \$49,900 PR annually for fringe benefits; and (c) \$25,300 PR annually for supplies and services.

	Funding	Positions
GPR	\$20,000	0.00
PR	480,000	2.00
Total	\$500,000	2.00

Under current law, the Division of Hearings and Appeals is authorized to hear cases of the Department of Corrections under the following circumstances: (a) upon the request of either party, in a parole violation case in which a revocation is under consideration; and (b) in review of a potential violation of a condition of extended supervision. Currently, the ALJ's that hear these cases are GPR-funded. The bill would provide PR-funding and position authority. Program revenue would be generated from assessments to the Department of Corrections.

9. RISK MANAGEMENT PROGRAMS -- CLAIMS PAYMENTS ESTIMATE

PR	-\$6,676,000
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Governor/Joint Finance/Senate/Assembly: Provide adjustments for risk management claims payment costs of -\$3,882,000 in 2007-08 and -\$2,794,000 in 2008-09. The adjustments reflect the following individual risk management program changes: (a) \$91,000 in 2007-08 and \$229,000 in 2008-09 to increase total estimated property claims payments to \$4,142,000 in 2007-08 and \$4,280,000 in 2008-09; (b) -\$3,370,000 in 2007-08 and -\$3,170,000 in 2008-09 to decrease total estimated liability claims payments to \$5,450,000 in 2007-08 and \$5,650,000 in 2008-09; and (c) -\$603,000 in 2007-08 and \$147,000 in 2008-09 to modify total estimated worker's compensation claims payments to \$15,015,000 in 2007-08 and \$15,765,000 in 2008-09. The funding modifications associated with all of these requested risk management program claims payment changes would be reflected in charges assessed to state agencies for the operation of the state's self-funded risk management program.

10. RISK MANAGEMENT APPROPRIATION FOR OFF-DUTY PEACE OFFICERS

Governor/Joint Finance/Senate/Assembly: Modify the *Costs and Judgments* appropriation under the risk management program for off-duty peace officer costs from an annual to a sum-

sufficient appropriation. Require that, no later than 30 days after the end of each calendar quarter, DOA submit a report to the Joint Committee on Finance detailing all expenditures and encumbrances from the appropriation during that quarter. Base funding for the appropriation is \$0. No increased expenditure estimates is provided under the bill.

Under current law, an off-duty police officer in Wisconsin acting outside of his or her jurisdiction is considered to be acting in an official capacity as an officer of the state, state employee, or as an agent of the state for the purposes of civil and criminal liability and worker's compensation benefits. The costs and judgments appropriation funds the state's costs for any civil and criminal liability and worker's compensation benefits.

11. VOLUNTEER FIREFIGHTER AND EMT SERVICE AWARD PROGRAM

GPR	\$241,600
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Governor/Joint Finance/Senate/Assembly: Reestimate expenditures from the sum-sufficient appropriation for the Volunteer Firefighter and Emergency Medical Technician (EMT) Service Award program by \$49,400 in 2007-08 and \$192,200 in 2008-09.

Under current law, the volunteer Firefighter and EMT Service Award program provides a cash benefit to volunteer firefighters and EMTs who have at least 10 years of service at retirement or who are killed in the line of duty. Any municipality that operates a volunteer fire department or contracts with a volunteer fire company and any municipality that authorizes volunteer EMTs to provide services are eligible to participate in the program. Municipalities contribute annual amounts toward the benefits directly to the plan provider, and the Board must match all such municipal contributions for current service, up to a maximum of \$283.65 per year per volunteer fire fighter or EMT. The amount of the state's contribution is subject to an annual adjustment for inflation.

The state's contribution is subject to a statutory annual expenditure cap of \$2,000,000 GPR and would be prorated, if the expenditure limit were exceeded. Base level expenditures are currently estimated at \$1,592,800 annually. Under the bill, funding would be estimated at \$1,641,800 in 2007-08 and \$1,785,000 in 2008-09.

12. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Restore 23.25 power plant and wastewater treatment facility positions in DOA at the Capitol Heat and Power Plant and the Hill Farms Heating Plant in Madison.

As part of deliberations on the 2005-07 biennial budget [2005 Wisconsin Act 25], the Legislature approved a proposal to require DOA to do one of the following with respect to each state-owned power plant and wastewater treatment facility by April 1, 2007: (a) sell the plant or facility; or (b) contract with a private entity for the operation of the plant or facility.

The proposal specified the deletion of 270.92 positions (all funds) in state agencies associated with the operation of these plants or facilities on April 1, 2007, as follows: (a) DOA: 23.25 PR positions; (b) DOC: 20.25 GPR and 24.0 PR positions; (c) DHFS: 41.0 PR positions; (d) DPI: 10.0 GPR positions; (e) DVA: 6.0 PR positions; and (f) UWS: 146.42 GPR positions.

The proposal would have also specified: (a) the way in which revenues from the sale of plants and facilities would be used in the repayment of state and federal debt; (b) that sale prices beyond debt owed would be deposited in the budget stabilization fund; (c) that any contract with a private vendor would include offers of employment to the employees of the affected plants and facilities; (d) the transfer of salary and fringe benefits associated with deleted positions would be transferred to unallotted reserves to fund agency costs related to the provision of utility services; (e) that the sale of a plant or facility to a regulated utility would not be subject to review or approval by the Public Service Commission; and (f) the deletion of various statutory references to the states operation of power plants and wastewater treatment facilities.

The Governor vetoed these provisions other than the April 1, 2007, elimination of 270.92 state agency positions associated with the operation of these plants or facilities. These positions could not be restored through the exercise of the Governor's veto authority. The bill would restore positions deleted under the 2005-07 biennial budget. Restoration of the power plant positions are summarized under each of the affected agencies.

Joint Finance/Senate/Assembly: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (23.25 PR positions annually) will be reflected in the adjusted base position counts.

13. CHARACTER EDUCATION TEACHER TRAINING [LFB Paper 463]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$500,000	- \$500,000	\$0

Governor: Provide \$250,000 annually in a new appropriation. Require DOA to distribute not more than \$250,000 in each fiscal year as grants to school districts for reimbursement of teachers and administrators for costs incurred in participating in training relating to character education.

Joint Finance/Senate/Assembly: Delete provision.

14. LAND INFORMATION REESTIMATE

PR	\$5,603,200
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Governor/Joint Finance/Senate/Assembly: Provide a reestimation of the PR-continuing "Land" appropriation of \$2,801,600 annually, which would include: (a) \$2,000,000 for comprehensive planning grants; and (b) \$801,600 for land information grants to counties.

Under 2005 Wisconsin Act 25, the Governor item vetoed portions of the statutory language relating to the appropriation purposes for four separate land information-related appropriations. The Governor's partial veto resulted in the repeal and recreation of a single PR-continuing "Land" appropriation, with a variety of purposes, including: (a) the receipt and expenditure of revenues from county register of deeds offices for issuing copies of legal records; (b) providing comprehensive planning grants; (c) providing grants to counties for operation of land information systems; and (d) administrative costs of the Department related to reviewing proposed municipal incorporations and annexations.

The estimated amounts that remain in the appropriation schedule (base funding of \$276,900 annually) are related to the amounts previously provided for administrative costs of the Department for reviewing proposed municipal incorporations and annexations. The bill would add the estimated costs of providing comprehensive planning grants and land information grants to counties to the appropriation.

15. NATIONAL COMMUNITY SERVICE BOARD FUNDING

Governor/Joint Finance/Senate/Assembly: Require the Department to annually determine the amount of funding for administrative support of the National Community Service Board that is required to qualify for federal assistance to the Board. Specify that DOA would assess these costs to DOA, the Department of Health and Family Services (DHFS), the Department of Public Instruction (DPI), and the Department of Workforce Development (DWD).

Under current law, the administration of the National Community Service Board appropriation is funded from moneys received from other agencies for support of the Board. The bill would explicitly allow DOA to assess DHFS, DPI, and DWD for administrative support funding necessary to match federal grants. Base funding is \$60,300 PR and 1.0 PR position. The bill would provide no increase in expenditure authority.

16. PAYMENTS FOR MIDWESTERN HIGHER EDUCATION COMMISSION

Governor/Joint Finance/Senate/Assembly: Delete the requirement that DOA make payments for costs of membership the Midwestern Higher Education Compact. Under current law, the Department is required to make membership payments for the Midwestern Higher Education Compact and make payments to Board members for their actual costs associated with participation on the Board. A separate current law provision [s. 36.11(52)] also requires the UW System Board of Regents to pay membership costs. This provision would delete DOA's

responsibility for making membership payments.

17. INCORPORATION OF THE TOWN OF LEDGEVIEW

Joint Finance/Senate/Assembly: Allow the Town of Ledgeview in Brown County to hold a referendum to become a village without fulfilling the current statutory requirements for becoming a village, other than holding the referendum. Specify that Ledgeview and the City of De Pere must enter into a boundary agreement, but that the agreement need not be approved before the referendum is held.

18. CONSOLIDATION OF THE TOWN AND VILLAGE OF ROCHESTER

Joint Finance/Senate/Assembly: Authorize the Town and Village of Rochester in Racine County to consolidate if a referendum passes in each municipality approving the consolidation. Specify that the Town and Village would not be required to meet any other current statutory requirement in order to consolidate.

Information Technology

1. WIRING LOANS [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-REV	-\$2,625,200	\$2,621,800	-\$3,400
GPR	-\$2,625,200	\$2,621,800	-\$3,400

Governor: Provide a reduction of \$1,312,600 annually for loans to school districts (\$1,310,900 annually) and public libraries (\$1,700 annually) for wiring loans and grants. 2003 Wisconsin Act 33 sunset the infrastructure financial assistance program which allowed school districts and public libraries to apply for loans and grants to fund the upgrading of electrical wiring in buildings that existed before October 14, 1997, and for installation and upgrades to computer network wiring. The state bonded for the costs of this rewiring. School districts and libraries are required to pay the debt service on the loans which represented 50% of the financial assistance and the state pays the debt service for the grants, which is the other 50% of the assistance. Currently, the state pays the existing debt service using two GPR appropriations (one for school districts and one for public libraries). The Department then transfers the expenses to the federal e-rate appropriation (to the extent that federal funds are available) and the amounts expended from the wiring loan general fund appropriations are lapsed back to the general fund. Because the statutes do not allow for new loans, the amounts expended under

these GPR appropriations will continue to decline as bonds are paid off. All bonds will not be paid off for approximately 20 years.

Joint Finance/Senate/Assembly: Reestimate the agency's debt service costs related to general fund supported principal and interest for educational technology infrastructure in schools by \$1,310,900 annually. In addition, reestimate GPR-Earned amounts by \$1,310,900 annually for the Department related to federal reimbursement of debt service costs from financing educational technology infrastructure improvements at school districts in the state.

2. ELIGIBLE USES OF FEDERAL E-RATE FUNDS

Governor/Joint Finance/Senate/Assembly: Specify that any excess federal educational telecommunications access (e-rate) funds could be used to make payments to telecommunications providers for telecommunications services at the following facilities, defined as *educational agencies*: (a) public schools including juvenile correctional facilities, school districts and cooperative educational service agencies; (b) public library boards and systems; (c) private schools; (d) the Wisconsin Center for the Blind and Visually Impaired; and (e) the Wisconsin Educational Services Program for the Deaf and Hard of Hearing. The provision under the bill would allow e-rate funds to be used for the purposes identified in items (a) through (e), if funds remain after educational telecommunications wiring loans and administrative costs have been paid.

Under current law, the Department administers an educational telecommunications access program to provide educational agencies with access to data lines and video links. The statutes specify that an educational agency may request access to one data line or video link (school districts with multiple high schools and library systems with more than one library may request additional lines). The educational agency must pay a monthly access fee. The Department is allowed to recover costs that are not supported from these fees from the universal service fund. Also, educational agencies that are eligible for a rate discount for telecommunications services may request data lines, video links, and bandwidth access that are in addition to what is provided under the state's educational telecommunications program. The Department may provide the additional access, and be reimbursed from fees paid by the educational agencies and from federal e-rate funds.

3. EDUCATIONAL TELECOMMUNICATIONS ACCESS

Governor/Joint Finance/Senate/Assembly: Delete the provision allowing DOA to make new grants to private schools or public school districts for payments to telecommunications providers for access to data lines and video links under contracts that were in existence on October 14, 1997.

Under current law, the Department is allowed to make payments from the universal service fund to the following: (a) public schools including juvenile correctional facilities, school districts and cooperative educational service agencies; (b) private colleges, technical college

districts, public library boards and systems and public museums; (c) private schools; (d) the Wisconsin Center for the Blind and Visually Impaired; and (e) the Wisconsin Educational Services Program for the Deaf and Hard of Hearing. Statutes also allowed DOA to make grants to schools that had a contract for the provision of a data line or video link on October 14, 1997, until January 1, 2006. This later provision is deleted under the bill. Currently, the appropriation funds debt service for agreements made prior to January 1, 2006, which would not change under this provision.

4. DISTRICT ATTORNEY INFORMATION TECHNOLOGY [LFB Paper 118 and 501]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
PR	\$3,674,900	0.00	-\$1,303,300	4.00	\$2,371,600	4.00

Governor: Provide \$1,714,400 in 2007-08 and \$1,974,400 in 2008-09 for amounts received from the justice information surcharge, including one-time funding of \$520,000 in 2007-08 and \$780,000 in 2008-09. Decrease amounts provided from penalty assessments for district attorney information technology (DA IT) by \$13,900 in 2007-08. The Department indicates that increased funds would be used for the following: (a) adding Milwaukee and Racine Counties to the case management system (PROTECT); (b) replacement of Milwaukee County's DA IT equipment; (c) contract IT labor for Milwaukee County's data conversion and development; (d) software and licensing upgrades; and (e) one-time costs for courtroom and remote access systems and use of multi media to display evidence.

A portion of the costs of DA IT costs are is funded from the justice information surcharge. The Department of Administration receives \$5 of a \$12 justice information surcharge that is assessed upon the commencement of certain court proceedings. The penalty surcharge (26% of the fine or forfeiture amount) is imposed by the courts for violations of state laws or municipal or county ordinances, and utilized for multiple state purposes including DA IT.

Joint Finance/Senate/Assembly: Delete \$565,700 in 2007-08 and \$737,600 in 2008-09 and provide 4.0 positions compared to the Governor's recommendation for DA IT.

Specify that the remaining increased funding (\$1,134,800 in 2007-08 and \$1,236,800 in 2008-09) would be used for the following: (a) \$214,800 in 2007-08 and \$286,800 in 2008-09 and 4.0 positions annually for support staff for case management system staff in Milwaukee County; (b) \$220,000 in 2007-08 and \$250,000 in 2008-09 for replacement of hardware for the case management system; (c) \$400,000 annually for software licensing for the case management system; (d) \$100,000 annually for one-time costs relating to creating a case management system interface in Milwaukee County; and (e) \$200,000 annually for one-time data conversion and development in Milwaukee County.

Specify that \$264,800 in 2007-08 and \$278,700 in 2008-09 for the support of DA IT projects

would be supported from the justice information system appropriation rather than a penalty surcharge appropriation. Restore a total of \$13,900 in 2007-08 for penalty surcharge-supported DA IT activities.

5. TRANSFER ENTERPRISE TECHNOLOGY STAFF

Governor/Joint Finance/Senate/Assembly: Transfer a total of \$562,800 PR and 5.0 PR positions annually to the information technology (IT) and communications services appropriation for non-state agencies from the following appropriations: (a) \$391,700 PR and 3.5 PR positions annually from the printing, mail, communication, and IT services to state agencies appropriation; (b) \$134,600 PR and 1.0 PR position annually from the materials and services to state agencies appropriation; and (c) \$36,500 PR and 0.5 PR position annually from the telecommunications services to state agencies and veterans services appropriation. The Department indicates that the positions transferred would be those related to the educational telecommunications access program. Enterprise Technology Appropriations Corrections

6. ENTERPRISE TECHNOLOGY APPROPRIATIONS CORRECTIONS

Governor/Joint Finance/Senate/Assembly: Provide \$2,458,000 annually in the information technology services to non-state agencies appropriation and delete \$2,458,000 annually in the printing, mailing, and information technology services to state agencies appropriation. The Department indicates that the 2005-07 funding adjustments for the Division of Enterprise Technology as a result of 2005 Act 25 should have specified a reduction to the appropriation that supports services to state agencies rather than to the appropriation that serves non-state agencies. This provision would make that modification.

Office of Justice Assistance

1. ADMINISTRATION OF STATE GRANT PROGRAMS [LFB Paper 122]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$274,900	1.53	-\$274,900	- 1.53	\$0	0.00

Governor: Provide \$139,400 in 2007-08, and \$135,500 in 2008-09, and 1.53 positions annually to provide staffing and supplies and services funding to administer the following two state grant programs: (a) law enforcement officer supplement grant program; and (b) grants to counties for substance abuse treatment programs for criminal offenders.

The Legislature originally created the law enforcement officer supplement grant program under 1993 Wisconsin Act 193, and since the 1994-95 state fiscal year has provided \$1,000,000 GPR annually for this grant program. Under this program, OJA provides supplemental grants to cities to employ additional uniformed officers whose primary duty is beat patrolling.

Under 2005 Wisconsin Act 25, the Legislature created the grants to counties for substance abuse treatment programs for criminal offenders grant program. This program is intended to provide grants to counties to enable them to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, that provides alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs. Under current law, this program is funded with program revenue through the drug abuse program improvement surcharge and through the \$10 drug offender diversion surcharge.

Joint Finance/Senate/Assembly: Delete provision.

2. GRANTS FOR DIGITAL RECORDING OF CUSTODIAL INTERROGATIONS BY LAW ENFORCEMENT GRANT PROGRAM [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$1,500,000	\$1,500,000	\$0

Governor: Eliminate the grants for digital recording of custodial interrogations by law enforcement program. Delete \$750,000 annually in base grant funding for the program and delete the statutory language governing the administration of the program. Under current law, the program is supported by the penalty surcharge. Whenever a court imposes a fine or forfeiture for most violations of state law or municipal or county ordinance, the court also imposes a penalty surcharge of 26% of the total fine or forfeiture.

Under 2005 Wisconsin Act 60, the Legislature created the grants for digital recording of custodial interrogations by law enforcement grant program. The program is intended to provide grants to law enforcement agencies for equipment or training used to digitally record custodial interrogations of suspects.

Joint Finance/Senate/Assembly: Delete provision.

3. CASE MANAGEMENT FUNDING FOR MILWAUKEE COUNTY [LFB Paper 127]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$25,000	-\$25,000	\$0

Governor: Provide \$25,000 to OJA's general program operations appropriation in 2007-08 to permit OJA to transfer \$25,000 to the Milwaukee County District Attorney's Office to support the development of case management processes. [As OJA's general program operations appropriation does not authorize the allocation of grant funding, this appropriation would need to be amended to permit this transfer.]

Joint Finance/Senate/Assembly: Delete provision.

4. PENALTY SURCHARGE SHORTFALL [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$9,100	\$9,100	\$0

Governor: Reduce expenditure authority by \$9,100 in 2007-08 under OJA's law enforcement programs-administration appropriation that is supported by penalty surcharge funding. Under current law, the appropriation is utilized by OJA to fund administration costs associated with grants for law enforcement assistance. The reduction generally reflects a one-time decrease of 5% in 2007-08 (after standard budget adjustments) to appropriations supported by penalty surcharge receipts in order to address a deficit in penalty surcharge funding. [See "Justice."]

Joint Finance/Senate/Assembly: Delete provision.

Division of Gaming

1. DELETE RACING REGULATORY POSITIONS

	Funding	Positions
PR	-\$214,300	- 2.00

Governor/Joint Finance/Senate/Assembly: Delete \$91,800 in 2007-08 and \$122,500 in 2008-09 and 2.0 positions annually for general program operations for racing regulation. The decrease reflects declining workload due to the closure of the Geneva Lakes Kennel Club racetrack. The positions are currently vacant.

2. POSITIONS FOR TRIBAL GAMING VENDOR BACKGROUND INVESTIGATIONS

	Positions
PR	2.00

Governor/Joint Finance/Senate/Assembly: Authorize 2.0 positions annually to conduct background investigations of vendors contracting with tribes for

supplies and services relating to tribal gaming. Under current law, in accordance with an Indian gaming compact or with the regulations of, or an agreement with, the National Indian Gaming Commission, DOA is required to certify and conduct background investigations of a person proposing to be an Indian gaming vendor. The Department indicates it currently contracts for the background investigations of vendors and the investigations could be conducted at a lower cost by state personnel. The bill would authorize 2.0 auditor positions. Funding for the positions would be reallocated from supplies and services (\$105,100 in 2007-08 and \$140,100 in 2008-09).

AGRICULTURE, TRADE AND CONSUMER PROTECTION

1. FEDERAL REVENUE REESTIMATES

FED	\$14,405,200
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Governor/Joint Finance/Senate/Assembly: Provide increased expenditure authority of \$7,202,600 annually in various federal appropriations to align expenditure authority with projected revenue levels. The table below depicts the increases by appropriation.

<u>Appropriation</u>	<u>Annual Amount</u>
Food safety inspection	\$143,400
Meat safety inspection	112,800
Animal Health	2,497,300
Marketing services	3,001,800
United State Department of Agriculture funding	143,300
Central office and services funding	<u>1,304,000</u>
Total	\$7,202,600

The recommended increase in the animal health appropriation is due to a variety of federal animal health grants, primarily related to Johnes's disease and chronic wasting disease.

The recommended marketing services increase is predominantly due to \$4.5 million in federal grants received for the value added dairy initiative.

The majority of the recommended central services increase is due to a \$1.75 million federal grant to be used for the development and implementation of the state's animal premises registration system.

2. DEBT SERVICE PAYMENTS [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$1,501,000	-\$1,810,200	-\$309,200

Governor: Delete \$56,500 in 2007-08 and provide \$1,557,500 in 2008-09 for debt service estimates for general obligation bonds issued for the following purposes: (a) \$100 in 2007-08 and -\$200 in 2008-09 for animal health facilities; (b) -\$1,184,600 in 2007-08 and -\$186,000 in 2008-09 for the conservation reserve enhancement program; and (c) \$1,128,000 in 2007-08 and \$1,743,700 in 2008-09 for the soil and water resource management program.

Joint Finance/Senate/Assembly: Delete \$497,500 in 2007-08 and \$1,312,700 in 2008-09 for reestimated debt service costs related to the conservation reserve enhancement program.

3. AGRICULTURAL CHEMICAL POLLUTION PREVENTION [LFB Paper 141]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$500,000	-\$500,000	\$0

Governor: Provide \$250,000 annually from the agricultural chemical cleanup (ACCP) fund for financial assistance to businesses for the costs of capital improvements designed to prevent pollution from agricultural chemicals, and limit these grants to \$250,000 annually. The total combined grant provided to a site for pollution prevention and agricultural chemical cleanup from the ACCP would not be allowed to exceed \$500,000. DATCP is provided base funding of \$3,000,000 annually from the ACCP for the cleanup of fertilizer and pesticide spills. Maximum agricultural chemical cleanup reimbursement grants under the program are \$294,375 for commercial sites and \$297,750 for non-commercial sites.

Joint Finance/Senate/Assembly: Include the Governor's recommendation to allow DATCP to make pollution prevention reimbursement grants from the ACCP fund. However, based on estimated ACCP claim demand, provide no additional expenditure authority for these grants. In addition, specify that a pollution prevention grant not exceed 50% of project costs. Further, require DATCP to promulgate an administrative rule defining eligible recipients, eligible projects and allowable costs for pollution prevention grants.

4. MANURE MANAGEMENT ADVISORY SYSTEM

SEG	\$115,000
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Governor/Joint Finance/Senate/Assembly: Provide \$75,000 in 2007-08 and \$40,000 in 2008-09 from the agrichemical management (ACM) fund to establish and operate an online manure management and advisory system to assist farmers and manure applicators in identifying the least risky fields and times to apply manure. The \$75,000 provided in 2007-08 would fund one-time development costs, while the \$40,000 provided beginning in 2008-09 would fund ongoing maintenance costs and hard copy materials for farmers without access to the online website.

5. LEAD ARSENATE OUTREACH AND EDUCATION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$100,000	-\$100,000	\$0

Governor: Provide \$50,000 annually from the agrichemical management (ACM) fund to establish an outreach and educational program to inform the public about lead arsenate and its risks. Annual funding would be used to support limited-term employees (\$30,000), and supplies and services (\$20,000).

Lead arsenate was widely used in orchards within the state as a pesticide until the 1950s, when its use was largely discontinued due to health risks. DATCP's Lead Arsenate Task Force proposed this initiative to raise awareness of the chemical, the use of which is now illegal, and its eligibility for cleanup under the ACCP program.

Joint Finance/Senate/Assembly: Delete provision.

6. CLEAN SWEEP FUNDING [LFB Paper 144]

SEG	\$579,200
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Governor: Provide \$289,600 annually from the recycling fund for the clean sweep program, which provides grants to counties to fund the collection and disposal of agricultural and household hazardous materials. The bill would increase base funding from \$710,400 recycling fund SEG annually currently, to \$1 million. The recommended funding would be used to make additional grants primarily for household waste collection events, as the current administrative rules have had the effect of prioritizing agricultural events (requests of \$206,800 for agricultural events for calendar year 2005, all of which were funded, as opposed to requests of \$711,200 for household events, \$524,600 of which were funded). For 2006, DATCP estimates grants of approximately \$225,000 for agricultural events, and \$480,000 for household events.

The recycling fund receives revenues from a business tax recycling surcharge and a recycling solid waste tipping fee. Revenues are primarily used to provide financial assistance to local governments and businesses for solid waste recycling and waste reduction purposes.

Joint Finance/Senate/Assembly: Include the Governor's recommendation. In addition, specify that a clean sweep grant may not exceed 75% of project costs, and require DATCP to allocate two-thirds of available clean sweep funding for household waste collection grants (consistent with DATCP's 2007 allocations).

Further, specify that DATCP may make grants under the clean sweep program to fund the costs of collecting unused or unwanted pharmaceuticals. Specify that DATCP may promulgate an emergency rule, without the finding of an emergency, to allow the Department to make clean sweep grants for the collection of prescription drugs.

7. ANAEROBIC DIGESTER RESEARCH AND DEVELOPMENT GRANTS [LFB Paper 145]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$250,000	-\$250,000	\$0

Governor: Provide \$250,000 from the recycling fund in 2007-08 in a new, biennial appropriation that would be available for the research and development of anaerobic digesters at farms participating in the discovery farm program under the Wisconsin agricultural stewardship initiative (WASI). As a biennial appropriation, funding provided in 2007-08 would

be available in either year of the 2007-09 biennium, with any unspent and unencumbered funds lapsing back to the recycling fund at the end of the biennium. The bill does not specify a local match requirement.

Discovery farms are a series of operating, commercial farms conducting on-farm research while cooperating with each other, a research farm at UW-Platteville, and researchers at UW-Madison.

DATCP requested this initiative in response to a provision in 2005 Act 141 that required the Department to submit a proposal to provide additional funding for the research and development of anaerobic digesters at farms participating in the discovery farms program as part of its 2007-09 biennial budget request.

The recycling fund receives revenues from a business tax recycling surcharge and a recycling solid waste tipping fee. Revenues are primarily used to provide financial assistance to local governments and businesses for solid waste recycling and waste reduction purposes.

Joint Finance/Senate/Assembly: Delete provision.

8. PROGRAM REVENUE REESTIMATES

PR	\$433,000
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Governor/Joint Finance/Senate/Assembly: Provide increased expenditure authority of \$216,500 annually. Of this amount, \$195,000 annually is recommended from a variety of weights and measures inspection related fees (including fertilizer, commercial feed, retail food establishment, vehicle sale and petroleum meter fees) for increased rent costs associated with the Department's new weights and measures inspection laboratory (the remaining \$21,500 is for agricultural impact statements).

9. BIO-INDUSTRY GRANT PROGRAM [LFB Paper 145]

Governor: Delete DATCP's bio-industry grant program and the associated biennial appropriation funded from the agrichemical management (ACM) fund (\$1 million was appropriated on a one-time basis in 2005-06).

Created as a part of the 2005-07 biennial budget act, the bio-industry grant program awards grants for: (a) research and development of technologies that use agricultural products or waste, including digesters, as energy sources; (b) encouraging the use of agricultural products or waste as energy sources; (c) reducing the generation of agricultural wastes or increasing their beneficial uses; and (d) encouraging the development of bio-chemicals from agricultural products. Under the program, a grant may not exceed \$300,000 to one recipient, of which up to \$150,000 may be for planning and \$150,000 may be for implementation.

In a related provision, the bill would create a biennial appropriation in the Department of Commerce, from the recycling fund, to provide grants and loans for renewable energy. For

additional information on this program, see "Commerce -- Economic Development."

Joint Finance/Senate/Assembly: Delete provision. [DATCP's statutory authority to administer the bio-industry grant program would remain, but no funding would be provided in the associated biennial agrichemical management fund SEG appropriation. However, these grants may also be funded under an existing GPR appropriation.]

10. APPROPRIATION ELIMINATIONS AND CHANGES

Governor/Joint Finance/Senate/Assembly: Delete statutory authority and appropriations associated with the following programs that have been sunset or are no longer in use: (a) ethanol producer grant program; (b) drainage board grants; and (c) pesticide sales and use reporting system development.

In addition, delete DATCP's agricultural chemical cleanup program GPR appropriation and statutory references to this appropriation.

Further, delete DATCP's farmer tuition assistance grants appropriation.

Moreover, rename DATCP's "marketing services" division, to the "agricultural development services" division, and change the associated statutory (including appropriation) references.

Under the ethanol producer grant program, qualifying producers were eligible for annual payments of up to 20¢ per gallon of ethanol produced (for up to 15 million gallons, or a maximum of \$3 million) in a 12-month period. This program was sunset on June 30, 2006. The GPR and PR tribal gaming appropriations from which DATCP made these grants would be eliminated under the bill, as would the Department of Administration appropriation from which tribal gaming revenue was provided to DATCP to make these grants.

Prior to July 1, 2006, drainage boards were eligible for grants of up to 60% of the costs of compliance with drainage district rules and regulations. A GPR appropriation that funded these grants would be eliminated under the bill.

Chapter 94 of the statutes requires DATCP to develop a proposal for a pesticide sales and use reporting system and to submit this proposal to the Joint Committee on Finance (JFC) for review. Subject to JFC approval, DATCP is required to administer a pilot program to test the system. DATCP completed the proposal in 2000. However, because of cost considerations the plan was never approved by the Joint Finance Committee, nor was additional action required of DATCP by the Committee. The bill would delete this statutory language, along with the appropriation that provided funding for the development of any such system.

The agricultural chemical cleanup (ACCP) fund supports the cleanup of fertilizers and nonhousehold pesticides, including spills occurring at commercial fertilizer blending facilities, commercial pesticide application businesses and farm sites. Revenues collected by the ACCP fund consist of fertilizer and pesticide license and tonnage surcharges. Prior to the 1999-01

biennium, funding for these grants was also provided from GPR. The bill would delete the agricultural chemical cleanup program GPR appropriation from which no grants have been awarded since 1998-99.

Under current law, DATCP is permitted to make grants to low-income farmers for the purpose of paying all or part of the tuition for a farmer who enrolls in a course on farm and business management techniques offered by a technical college. No grants have been made under this program since 2001-02. The GPR appropriation that funded these grants would be eliminated under the bill. However, the statutory authority to provide these grants would remain.

11. INTERNATIONAL CRANE FOUNDATION FUNDING

SEG	\$142,000
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Joint Finance/Senate/Assembly: Provide a grant of \$71,000 SEG each year on a one-time basis from the agrichemical management (ACM) fund to the International Crane Foundation (ICF) for costs associated with a sandhill crane crop depredation project. Require the ICF to provide a non-state match of 70% to the state grant.

The International Crane Foundation in Sauk County administers a sandhill crane crop depredation project that is: (a) reviewing and testing non-toxic alternatives to chemicals currently available for deterring cranes from damaging crops; (b) developing habitat selection theories of the cranes; and (c) assessing the success of crane deterrence methods within the agricultural setting.

ARTS BOARD

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$76,800
PR	<u>10,000</u>
Total	\$86,800

Governor/Joint Finance/Senate/Assembly: Adjust the base budget by \$38,400 GPR and \$5,000 PR annually for full funding of continuing salaries and fringe (\$29,000 GPR and \$5,000 PR annually) and reclassifications (\$9,400 GPR annually).

2. TRANSFER FUNDING FROM CHALLENGE GRANTS TO STATE AID FOR THE ARTS

Governor/Joint Finance/Senate/Assembly: Decrease funding by \$688,800 GPR annually for the challenge grant program and increase funding by an equal amount for the state aid for the arts appropriation. Base funding for the challenge grant program is \$778,800 GPR annually, and would be reduced to \$90,000 GPR annually under the recommendation. Base funding for state aid for the arts is \$1,196,700 GPR annually, and would increase to \$1,885,500 GPR annually under the recommendation.

Under the challenge grant program, the Arts Board awards grants to match up to 25% of an arts organization's or a local arts agency's income from contributions, if the agency's income in the year in which it applies for the grant exceeds its income from the previous fiscal year. Under state aid for the arts, the Board awards grants-in-aid or contract payments to groups, individuals, organizations, or institutions for the development of the arts and humanities, with a 50% matching requirement. The Board may also award operational grants to organizations, provided the sum of such grants does not exceed 50% or the total grants awarded in a given year.

BOARD OF COMMISSIONERS OF PUBLIC LANDS

1. STANDARD BUDGET ADJUSTMENTS

PR	\$191,200
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Governor/Joint Finance/Senate/Assembly: Provide an increase of \$95,600 annually for adjustments to the base budget as follows: (a) \$80,600 for full funding of continuing salaries and fringe benefits; and (b) \$15,000 for staff reclassifications.

2. INFORMATION TECHNOLOGY SUPPORT [LFB Paper 155]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$200,000	0.00	-\$200,000	1.00	\$0	1.00

Governor: Provide \$100,000 annually primarily for limited-term employee (LTE) information technology staff.

Joint Finance/Senate/Assembly: Delete \$100,000 annually, but provide 1.0 information systems specialist. Associated salary and fringe benefits of \$97,500 annually would be transferred from base level BCPL supplies allotment.

3. DRAINAGE DISTRICT LOAN ELIGIBILITY

Joint Finance/Senate/Assembly: Authorize the Board of Commissioners of Public Lands (BCPL) to make loans to drainage districts from the BCPL trust funds (common school fund, normal school fund, university fund and the agricultural college fund).

BOARD ON AGING AND LONG-TERM CARE

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide \$113,000 (\$44,000 GPR and \$69,000 PR) annually to reflect the full funding of salaries and fringe benefits.

GPR	\$88,000
PR	<u>138,000</u>
Total	\$226,000

2. MEDIGAP HELPLINE INSURANCE COUNSELOR

Governor/Joint Finance/Senate/Assembly: Provide \$38,500 in 2007-08 and \$47,500 in 2008-09 to support 1.0 additional Medigap helpline insurance counselor position, beginning in 2007-08. The position would provide information and counseling on Medicare supplemental policies and other insurance products to elderly consumers. Funding would be provided from insurance fee revenues transferred from the Office of the Commissioner of Insurance. The Board is currently authorized 4.0 Medigap helpline insurance counselor positions.

	Funding	Positions
PR	\$86,000	1.00

3. POSTAGE COSTS

Governor/Joint Finance/Senate/Assembly: Provide \$1,200 annually to fund increased postage costs for materials the Board provides on Medigap supplemental insurance. Funding would be provided from insurance fee revenues transferred from the Office of the Commissioner of Insurance.

PR	\$2,400
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4. INCREASE MA ADMINISTRATION SUPPORT FOR CURRENT POSITIONS

Governor/Joint Finance/Senate/Assembly: Convert 0.70 GPR positions to 0.70 PR positions, beginning in 2007-08, and reduce GPR funding by \$67,800 and increase PR funding by \$67,800 annually. This funding and position adjustment reflects the net fiscal effect of assigning a greater percentage of the costs of the Board's ombudsman positions and volunteer coordinator positions with medical assistance (MA) administration funds transferred from the Department of Health and Family Services. The state claims a portion of the costs of these positions as MA-eligible administration costs, which are funded on a 50% GPR/50% FED basis.

	Funding	Positions
GPR	-\$135,600	- 0.70
PR	<u>135,600</u>	<u>0.70</u>
Total	\$0	0.00

5. OMBUDSMAN SERVICES FOR RESIDENTS OF RESIDENTIAL CARE APARTMENT COMPLEXES [LFB Paper 161]

Governor: Expand the statutory definition of "long-term care facility" to include residential care apartment complexes (RCACs), as it relates to the Board's authority to provide ombudsman services. Under current law, a long-term care ombudsman or a designated representative may enter a long-term care facility at any time, without notice, and have access to clients of the facility. For this purpose, long-term care facilities are defined as nursing homes, community-based residential facilities (CBRFs), places in which care is provided under a continuing care contract, swing beds within an acute or extended care facility, hospices, and adult family homes.

Further, include residents of RCACs in the group of persons who are entitled to the rights that are specified under current law for residents of nursing homes and CBRFs, including but not limited to the right to have private and unrestricted communication with others, to present grievances without fear of reprisal, to manage personal finances, to be treated with courtesy, to be guaranteed confidentiality of health and personal records, and to be fully informed of charges for services and changes in services. Under current law, DHFS may establish additional rights for residents of these long-term care facilities in administrative rule. Finally, require RCACs to post a notice with the name, address, and telephone number of the Board's ombudsman program in a conspicuous location.

A RCAC is defined as a place where five or more adults reside that consists of independent apartments with specified amenities, and that provide a resident with not more than 28 hours per week of supportive, personal, and nursing services.

Joint Finance/Senate/Assembly: Delete provision.

6. POSITION FUNDING TRANSFER

Governor/Joint Finance/Senate/Assembly: Transfer 1.0 position from an appropriation supported by program revenue the Board receives through contracts with other state agencies to an appropriation supported by insurance fees revenues the Office of the Commissioner of Insurance (OCI) transfers to the Board to support the Medigap Helpline. This position, a Medigap insurance counselor position, is currently funded from insurance fees, but is budgeted in an appropriation funded from revenue the Board receives from contracts other than the Board's contract with OCI.

BUILDING COMMISSION

1. DEBT SERVICE REESTIMATE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$27,323,600	-\$9,251,300	\$18,072,300
GPR-Lapse	\$8,000,000	\$4,000,000	\$12,000,000

Governor: Adjust funding by \$5,394,600 in 2007-08 and \$21,929,000 in 2008-09 to reestimate sum sufficient debt service appropriations as shown in the following table.

	Adjusted Base 2006-07	Change to Base		Total Debt Service	
		2007-08	2008-09	2007-08	2008-09
GPR Debt Service Appropriation					
Capitol and Executive Residence	\$12,476,000	-\$1,697,200	-\$1,953,100	\$10,778,800	\$10,522,900
Amounts Not Initially Allocated to Agencies	19,571,700	5,883,500	21,800,300	25,455,200	41,372,000
Other Public Purposes	1,573,500	435,700	1,213,200	2,009,200	2,786,700
Children's Research Institute	0	772,100	806,300	772,100	806,300
HR Academy Youth Center	114,400	-1,600	1,900	112,800	116,300
Milwaukee Police Youth Activity Ctr.	84,000	2,100	400	86,100	84,400
Swiss Cultural Center	0	0	30,000	0	30,000
Discovery Place Museum	0	0	30,000	0	30,000
Total GPR	\$33,819,600	\$5,394,600	\$21,929,000	\$39,214,200	\$55,748,600

Estimate lapses from GPR sum sufficient debt service appropriations of \$4,000,000 annually. These lapse amounts are associated with interest earnings on the bond security redemption fund that will be allocated to debt service appropriations in the biennium.

Joint Finance/Senate/Assembly: Reduce estimated debt service by \$586,000 in 2007-08 and \$1,307,900 in 2008-09 associated with other public purposes (passenger rail development) appropriation and by \$2,109,400 in 2007-08 and \$5,248,000 in 2008-09 associated with the amounts not initially allocated to agencies (housing state agencies) appropriation. In addition, increase estimated lapses from state GPR debt service appropriations by \$2,000,000 annually associated with the reallocation of debt service from the Commission's other public purpose bonding to program revenue and segregated revenue debt service appropriations.

2. EXCESS GENERAL OBLIGATION AUTHORITY [LFB Paper 178]

BR	- \$18,319,700
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Joint Finance/Senate/Assembly: Decrease existing GPR-supported general obligation bonding by \$18,319,700 from the following purposes: (a) \$18,288,700 from the Department of Administration's (DOA) school educational technology infrastructure financial assistance bonding authorization; and (b) \$31,000 from DOA's public library educational technology infrastructure financial assistance bonding authorization.

Under prior law, DOA had the authority to make loans from these bonding authorizations to school districts and public libraries to assist in the financing of educational technology infrastructure. The loans could be made for the purpose of upgrading the electrical wiring of the school or library building and upgrading and installing computer wiring in the buildings. However, the loan program was sunset effective July 26, 2003, and therefore the remaining unissued bonding authority is no longer needed.

BUILDING PROGRAM

1. UW-MILWAUKEE-COLUMBIA ST. MARY'S COLUMBIA CAMPUS MEDICAL FACILITIES PROJECT

Building Commission/Joint Finance/Senate/Assembly: Delay by two years the time periods in which general fund and program revenue supported borrowing may be issued for the Columbia St. Mary's Columbia Campus medical facilities project at UW-Milwaukee. The existing timeline for the issuance of bonding for this project was established under 2005 Act 25 when the project was enumerated as part of the 2005-07 state building program at a total cost of \$112,120,000. Specify that prior to July 1, 2009, no bonds may be issued for the project. Specify that beginning on July 1, 2009, and ending on June 30, 2011, not more than 50% (\$28,265,000) of the general fund supported borrowing and 50% (\$27,795,000) of the program revenue supported borrowing could be issued for the project. Provide that beginning on July 1, 2011, the remainder of the general fund supported borrowing and program revenue supported borrowing could be incurred.

2. MEDICAL COLLEGE OF WISCONSIN TRANSLATIONAL RESEARCH EQUIPMENT [LFB Paper 185]

BR	\$10,000,000
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Building Commission/Joint Finance/Senate/Assembly: Enumerate the acquisition of \$12 million in translational research program equipment in Wauwatosa at the Medical College of Wisconsin. Authorize the Building Commission to issue up to \$10 million in general fund supported bonding to aid in the installation of the equipment.

Modify the following provisions of current law related to the Medical College of Wisconsin biomedical research and technology incubator as follows: (a) change the Medical College of Wisconsin's biomedical research and technology incubator debt service appropriation to allow for debt service payments to be made for grants, rather than just construction grants; (b) modify the legislative findings, which state that it is in the public interest and a policy concern of the state to assist Medical College of Wisconsin in the construction of a biomedical research and technology incubator, to also reference the installation of equipment; and (c) modify the grant requirements that have to be met before the Building Commission can make a grant to the Medical College of Wisconsin to refer to the cost of installation of equipment.

3. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Joint Finance/Senate/Assembly: Continue the building and financing authority enumerated under the previous state building program into the 2007-09

biennium. Each building program is approved only for the current biennium; this provision would continue the past state building program into the 2007-09 biennium.

4. PROJECT CONTINGENCY FUNDING RESERVE

Building Commission/Joint Finance/Senate/Assembly: Authorize the Building Commission, during the 2007-09 biennium, to use bonding provided for project contingencies for any project in the authorized building program. Generally, projects include an allowance of 5% to 7% of the total budget to cover unanticipated costs during construction.

5. CAPITAL EQUIPMENT ACQUISITION BONDING

Building Commission/Joint Finance/Senate/Assembly: Authorize the Building Commission, during the 2007-09 biennium to use bonding provided for capital acquisition in connection with any project in the authorized building program.

6. PROJECT LOANS

Building Commission/Joint Finance/Senate/Assembly: Authorize the Building Commission, during the 2007-09 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2007-09 building program projects funded from non-GPR sources.

CHILD ABUSE AND NEGLECT PREVENTION BOARD

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	\$34,500	- 1.00

Governor/Joint Finance/Senate/Assembly: Provide \$30,700 in 2007-08 and \$3,800 in 2008-09 and delete 1.0 position, beginning in 2007-08, to adjust the Board's base budget for: (a) removal of noncontinuing items (-1.0 position, beginning in 2007-08); and (b) full funding of salaries and fringe benefits (\$30,700 in 2007-08 and \$3,800 in 2008-09).

CIRCUIT COURTS

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$9,961,600
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Governor/Joint Finance/Senate/Assembly: Provide adjustments to the base budget for full funding of salaries and fringe benefits (\$4,980,800 annually).

COMMERCE

Economic Development

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide adjustments to the base budget of \$172,700 GPR, \$250,600 FED, -\$1,019,400 PR and \$609,600 SEG annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$244,400 PR annually); (b) removal of noncontinuing items from the base (-\$2,000,000 PR annually relating to a transfer from WHEDA for Commerce housing programs in the 2005-07 biennium); (c) full funding of continuing salaries and fringe benefits (\$172,700 GPR, \$250,600 FED, \$1,210,200 PR, and \$609,600 SEG annually); (d) position reclassifications (\$6,800 PR annually); (e) overtime (\$8,000 PR annually); and (f) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$13,500 annually.

GPR	\$345,400
FED	501,200
PR	- 2,038,800
SEG	<u>1,219,200</u>
Total	\$27,000

2. ONE-STOP MINORITY AND WOMEN'S BUSINESS CERTIFICATION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$115,000	-\$115,000	\$0

Governor: Provide \$100,000 in 2007-08 and \$15,000 in 2008-09 to create an on-line one-stop certification system for minority and women-owned businesses. Currently, Commerce certifies minority and women-owned businesses as qualified businesses for certain preferences in contracting with federal, state, and local governments. The Department may charge a certification fee for certifying women-owned businesses. In addition to Commerce, other state agencies and local governments can certify minority or women-owned status to participate in procurement, including DOA, DOT, the City of Milwaukee, Milwaukee County, and the City of Madison.

Joint Finance/Senate/Assembly: Delete provision.

3. WISCON PROGRAM TRANSFER

Governor/Joint Finance/Senate/Assembly: Delete \$721,000 and 9.0 positions annually from Commerce to reflect the

	Funding	Positions
FED	-\$1,442,000	- 9.00

transfer of the WISCon program to the University of Wisconsin System, State Laboratory of Hygiene. Program responsibility was transferred by the administration effective October 1, 2006.

The WISCon program is funded 90% with federal grant monies and provides services to help businesses comply with federal OSHA safety regulations. Consultants assess existing safety programs, evaluate work practices, identify assistance, and provide training for managers and employees. The consultants are separate from the OSHA enforcement function, and do not issue citations, propose penalties, or report safety violations to OSHA. The business must commit to the timely correction of any serious deficiencies discovered during the consultation visit.

4. RESTRUCTURE WISCONSIN DEVELOPMENT FUND [LFB Paper 214]

Governor: Eliminate current Wisconsin Development Fund (WDF) grant and loan programs and related administrative processes and establish more general program criteria and procedures for distributing financial assistance through the WDF. Under the restructured program, Commerce, at the request of the Development Finance Board (Board), would be authorized to make grants or loans to eligible recipients. Eligible recipients would include governing bodies or "persons" eligible to receive grants or loans. (The universal statutory definition of "person" includes all individuals, partnerships and bodies politic or corporate.) Activities eligible for awards would include: (a) capital financing; (b) worker training; (c); entrepreneurial development; (d) providing assistance to technology-based business or to businesses at a foreign trade show or event; (e) promoting urban or regional economic development; (f) establishing revolving loan funds; (g) providing working capital; and (h) promoting employee ownership by conducting or implementing feasibility studies to investigate the reorganization or new incorporation of existing businesses as employee-owned businesses.

Commerce would be required to establish criteria for awarding WDF grants and loans, including the types of projects that would be eligible for funding and that would receive priority. The Department would determine conditions applicable to grants and loans awarded. An origination fee of not more than 2% of the amount of the award could be imposed on grants or loans of \$200,000 or more. Fees that were collected would continue to be placed in the program revenue, WDF administration appropriation. With Board approval, Commerce would be required to develop procedures, related to grants and loans for all of the following: (a) submitting applications for grants and loans; (b) evaluating applications; (c) monitoring project performance; and (d) auditing grants and loans. The current requirement that the Department, with Board approval, develop and implement procedures for monitoring grant use, economic growth, job creation, and new jobs would continue.

Provisions requiring Commerce and the Board to encourage and assist small businesses in applying for and obtaining financial assistance would be retained. However, a small business would be defined as a business with fewer than 100 employees, rather than the current

definition of a business operating for profit with 250 or less employees.

Similarly, the Department could continue to retain 1% of WDF, GPR funding for: (a) evaluations of proposed technical research projects; (b) grants to small businesses for preparing proposals for the federal small business innovative research program; and (c) costs associated with administering the WDF loan portfolio.

When an application for financial assistance was received, the Board would consider a number of factors in determining whether to award a grant or loan. Most of these factors must be considered under current law. However, the Board could consider any, rather than all, of the factors. Specifically, in determining whether to make an award, the Board could consider any of the following:

- a. Whether the project serves a public purpose.
- b. Whether the project will retain or increase employment in the state.
- c. Whether the project "might not" (rather than "is not likely to" currently) occur without the grant or loan.
- d. Whether financing is available from another source on reasonably equivalent terms.
- e. The extent to which the project will be financed with funds not provided by the state.
- f. Whether funds from the grant or loan will be used to pay overhead costs or to replace funds from another source.
- g. Whether the project will displace any workers in the state.
- h. The extent to which the project will retain or increase employment in the state.
- i. The extent to which the project will contribute to the economic growth of the state and the well-being of residents of the state.
- j. Whether the project will be located in an area of high unemployment or low average income.
- k. The financial soundness of the eligible recipient.
- L. The intention of the eligible recipient to repay the grant or loan.
- m. Whether the project will be located in a targeted area.
- n. For an ethanol production facility on which construction begins after July 27, 2005, whether a competitive bidding process is used for the construction of the ethanol production facility.

When considering whether a project for which financial assistance was requested was located in a targeted area the Board could consider any of the following factors:

- a. Whether the area has high unemployment.
- b. Whether the area has a low median household income.
- c. Whether a significant number of workers in the area have been permanently laid off by their employers, or whether public notice has been given by an employer of either a plant closing or a substantial reduction in work force that will result in a significant number of workers in the area being permanently laid off.
- d. Whether the area is designated as a development or enterprise development zone.
- e. Any other factor the board considers to be an appropriate indicator of a targeted area.

Factors related to declining population and property values, and families receiving AFDC would be deleted. The requirement that 35% of total grants and loans be made to businesses in distressed areas would be retained.

The Board would have to require that, as a condition of receiving a grant or loan, a recipient would have to contribute to a project an amount equal to at least 25% of the grant or loan. The Board would continue to be responsible for developing a policy related to the repayment of grants and loans awarded under the WDF. Specific provisions would be deleted that required that priority be given to recipients with techniques that reduce or eliminate ozone-depleting substances, hire AFDC assistance recipients, or that projects be located in targeted areas.

The current WDF programs that would be repealed include: (a) revolving loan fund capitalization grants; (b) the rapid response fund; (c) employee ownership assistance grants; (d) major economic development grants and loans; (e) urban early planning grants; (f) technology development and commercialization grants and loans; and (g) customized labor training grants. Two programs that have statutory provisions but are not funded, Wisconsin Procurement Institute grants and technology and pollution control and abatement grants and loans, would also be repealed. The Wisconsin trade project grant program would not be repealed, and the entrepreneurial training grant program does not have specific statutory provisions. In addition, the technology commercialization grant and loan programs that were incorporated into the WDF in 2005 Wisconsin Act 25 and related statutory provisions would not be affected by the restructuring.

WDF definitions of terms, including biotechnology, consortium, higher educational institution, major economic development project, technology, and technology-based nonprofit organization that are related to specific WDF programs, would be repealed. There would be cross-reference changes to reflect the repeal and modifications of statutory provisions.

Under current statutory provisions the WDF provides financial assistance through the following programs:

- a. *Customized Labor Training Grants.* Customized labor training (CLT) grants fund labor training programs which provide employees with job training in new or more advanced

technology, industrial and other employment-related skills, or job training in manufacturing processes to assist employers in maintaining a technologically advanced workforce. The Department can finance up to 50% of eligible project costs not to exceed \$2,500 per employee trained. Grant funds may be used to pay base wages of trainees and associated instructional costs.

b. *Technology Development and Commercialization Grants and Loans.* Technology development and commercialization grants and loans fund technical research by a business or consortium to develop new, or improve existing, industrial products or processes (technology development) and to assist businesses in infrastructure development and commercialization of a new, product or process. Awards can be granted for the following purposes: (1) a technology development grant or loan to a business or consortium to fund technical research to develop new or to improve existing industrial products or processes that have a high probability of commercial success within a relatively short time period (two to three years); or (2) a technology development loan to a business to provide working capital or fixed asset financing to develop the infrastructure of the business or for the initial commercialization of the new industrial product or process.

c. *Major Economic Development Grants and Loans.* Major economic development (MED) grants and loans fund projects that are not eligible for funding under criteria of any other WDF program, and that involve significant capital investment, or creation or retention of a significant number of jobs. The Board decides the amount of funding for a project and a determination as to whether the award is a grant or loan. Historically, awards have ranged between \$3,000 and \$10,000 per full-time job created. Allowable uses generally include expenditures for: construction and expansion; acquisition of existing businesses, land, buildings and equipment; and working capital.

d. *Employee Ownership Assistance Grants.* Employee ownership assistance grants fund the cost of an independent third party to provide professional services to evaluate the feasibility of an employee buy-out. The maximum grant is 75% of eligible project costs up to \$15,000. Grants can fund expenditures for feasibility studies to investigate the reorganization or new incorporation of an existing business as an employee-owned business, and for professional services to implement the study.

e. *Urban Early Planning Grants.* Urban early planning grants provide financial assistance to entrepreneurs and small businesses to fund professional services related to business start-ups or expansion. The urban early planning grant program is administered by the Wisconsin Entrepreneur's Network (WEN) with funding from Commerce. Grants can be made for up to 75% of eligible project costs up to \$15,000 to a single business. Grants are generally limited to \$3,000 or less, unless it can be demonstrated that the project will have a statewide impact. The total amount of urban early planning grants that can be awarded is \$250,000 in a biennium. Grants must be used to fund early planning projects. An early planning project is the preliminary stages of considering and planning the expansion or start-up of a business that is or will be located in an urban area in the state.

f. *Entrepreneurial Training Grants.* Entrepreneurial training grants are awarded

through a program developed in conjunction with the University of Wisconsin-Extension Small Business Development Center (SBDC) designed to help entrepreneurs by providing financial assistance to cover a portion of the cost of attending SBDC's Entrepreneurial Training Program. The urban entrepreneurial training grant program is administered by the Wisconsin Entrepreneur's Network (WEN) with funding from Commerce. Grants can be made for up to 75% of eligible tuition costs. Eligible tuition costs are limited to the tuition charged by the SBDC to attend the Entrepreneurial Training Program. Grants must be used to cover the cost of tuition charged for attending the course.

g. *Wisconsin Trade Project Program.* The Wisconsin trade project program provides reimbursement for attending international trade shows, U.S. trade shows (in certain circumstances), and U.S. Department of Commerce sanctioned "matchmaker" trade delegation events. Eligible applicants are businesses, including affiliates, with \$25,000,000 or less in gross annual sales that are operating in the state and manufacturing a product and/or performing a service with potential to be exported. The maximum reimbursement amount is \$5,000 a year, and not more than \$5,000 for participation in a single trade show or matchmaker trade delegation event. The following costs are eligible for reimbursement: (1) fees for participation in a trade show, a U.S. trade show, or a U.S. Department of Commerce sanctioned matchmaker trade delegation event; (2) costs associated with shipping displays, sample products, catalogs or advertising material to a trade show, a U.S. trade show, or matchmaker trade delegation event; (3) costs incurred at a trade show, a U.S. trade show, or matchmaker trade delegation event for utilities, booth construction or necessary modifications, repairs, or other reasonable expenses associated with displays; and (4) costs associated with foreign language translation of brochures, or product information, or with the use of translation services and interpreters at a trade show, a U.S. trade show, or matchmaker delegation event.

h. *Rapid Response Fund.* The rapid response fund provides financial assistance to businesses or local governments to prepare sites for businesses to locate or expand, in communities that have experienced plant closings or substantial layoffs. Funding is provided in the form of loans. Loan recipients must provide matching funds equal to 25% of the cost of the project up to a maximum of \$250,000. The Department may not award more than \$2 million in total loans from the rapid response fund in a biennium. Loans can only be used for the following purposes: (1) the renovation or improvement of an existing building; (2) the purchase of land, an existing building, machinery or equipment; and (3) the construction of a new building. Commerce has not made any awards under this provision in recent years.

i. *Revolving Loan Fund Capitalization Grants.* Revolving loan fund capitalization grants provide funding for local revolving loan funds, which are used to promote local and regional economic development, primarily in areas that experience business closings or substantial layoffs. This program is, in part, intended to operate in conjunction with the rapid response fund. The maximum total amount of loan fund capitalization grants that can be made in a biennium is \$500,000. Grants must be used to establish or provide capital for local revolving loan funds. The revolving loan fund must be used to promote local or regional economic development. Commerce has not made any awards under this provision in recent years.

As noted, 2005 Act 25 incorporated the technology commercialization grant and loan programs and related funding into the WDF. As a result, WDF awards are also provided through the following programs.

a. *Technology Assistance Grants.* Technology assistance grants provide financial assistance to entrepreneurs and to start-up and early stage businesses to fund research and development or professional services related to obtaining early stage funding. The technology assistance grant program is administered by the Wisconsin Entrepreneur's Network (WEN) with funding from Commerce. To be eligible, applicants must be: (1) a small business, or individual entrepreneur who intends to form a small business, that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (2) an individual who is starting or developing a business that has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. The maximum grant or loan amount is 75% of eligible project costs up to a statutory maximum of \$15,000. However, in practice, the maximum award amount is \$3,000. Eligible project costs are professional services involved in: (1) preparation and review of a federal R&D grant application; (2) obtaining industry information, data or market research needed to complete applications for R&D or early-stage funding; or (3) meeting specific requirements to obtain seed or early-stage financing from outside sources.

b. *Matching Grants and Loans.* Matching grants and loans provide funding to individuals, entrepreneurs, and small businesses for professional services related to developing or the accelerated commercialization of a technologically innovative product, process, or service. Eligible applicants include: (1) a small business, or an individual entrepreneur who intends to form a small business; or (2) an individual who is starting or developing a business which has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. The maximum award is the lesser of 20% of the project costs or \$250,000. Grants or loans can be used to fund the following activities: (1) professional services related to developing a proposed technologically innovative product, process, or service, if the applicant has received a grant from the federal government for a substantially similar purpose; or (2) professional services related to the accelerated commercialization of a technologically innovative product, process, or service, if the federal government has notified the applicant that the applicant will receive a grant from the federal government for a substantially similar purpose.

c. *Bridge Grants and Loans.* Bridge grants and loans provide financial assistance to individuals, entrepreneurs and small businesses experiencing financial hardship to cover expenses between early-stage and later-stage financing. To be eligible, the applicant must be: (1) a small business, or individual entrepreneur who intends to form a small business, that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (2) an individual who is starting or developing a business which has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a

specific facet of starting or developing the business. A bridge grant or loan may not exceed the lesser of 75% of project costs or \$100,000. The Department may make a bridge grant or loan to a person who has received early stage financing from third parties or a grant from the federal government to fund early stage research and development, and who has sought additional early stage financing from third parties or applied for an additional grant from the federal government to fund early stage research and development. Commerce may also make a bridge grant or loan for the purpose of funding professional activities necessary to maintain the project research and management team, and funding basic operations until the applicant's additional third party financing request or federal grant application is approved or denied.

d. Venture Capital Grants and Loans. Venture capital grants and loans provide financial assistance to individuals, entrepreneurs, and small businesses for early stage financing. To be eligible an applicant must be: (1) a small business or individual entrepreneur who intends to form a small business that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (2) an individual who is starting or developing a business which has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. The maximum venture capital grant or loan is the lesser of \$250,000 or 50% of project costs. Venture capital grants or loans may be made to provide funding that enhances the applicant's ability to obtain early stage financing from third parties.

e. Entrepreneurial and Technology Transfer Center Grants. Entrepreneurial and technology transfer center grants provide financial assistance to support an entrepreneurial and technology transfer center. Organizations, companies, or consortia that support entrepreneurs through an entrepreneurial and technology transfer center are eligible for grants. The maximum amount of grants that can be awarded in a fiscal year is \$500,000. Grants may be used to fund center administrative costs and costs related to providing services including business planning, counseling, education, and technical assistance. Core center services should involve assessing client needs and capabilities, and determining follow-up activities.

Commerce also makes business employees skills training (BEST) grants through the WDF.

WDF award recipients are currently required to provide a nonstate match of at least 25% of the eligible project costs. However, in practice, recipients typically must provide matching amounts that exceed the statutorily minimum requirement. In many cases, the match exceeds the amount of the award.

Currently, Commerce is authorized to charge an origination fee of up to 2% on MED and CLT grants and loans in excess of \$200,000. Fee collections are placed in a program revenue appropriation used to provide funding for administration of the WDF. In addition, the Department is authorized to use up to 1% of amounts appropriated for GPR, WDF awards for evaluation costs, collection costs, foreclosure costs, and other costs associated with administering the WDF loan portfolio.

The WDF is funded through a general purpose revenue (GPR) and a program revenue (PR) repayments appropriation. The program revenue repayments appropriation was established to operate similar to a revolving loan fund. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies can be used to fund WDF grants and loans. Base level funding for WDF grants and loans is \$7,098,400 GPR and \$4,050,000 PR.

Joint Finance/Senate/Assembly: Include provisions. In addition, the Wisconsin Development Finance Board would be expanded to include two legislative members, one appointed by the Speaker of the Assembly, and one appointed by the Majority Leader of the Senate. All other appointed members of the Board, including current members, would have to be confirmed by the State Senate

5. NEW AND EXPANDED TAX CREDIT PROGRAMS

Governor/Joint Finance/Senate/Assembly: The bill would create or expand a number of programs offering state tax credits for various business activities including: (a) angel investment and early stage seed capital; (b) electronic medical records; (c) enterprise zones jobs; and (d) the Beloit development opportunity zone. Commerce duties relating to these programs include certifying businesses or areas eligible for the credits, monitoring compliance with program requirements and making credit allocations. These programs are described more fully under General Fund Taxes.

6. MANUFACTURING EXTENSION CENTER GRANTS [LFB Paper 214]

GPR	\$700,000
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Joint Finance/Senate/Assembly: Provide \$350,000 GPR annually to increase funding for manufacturing extension center grants. Total annual funding for program grants would be \$1,200,000 GPR.

7. GAMING ECONOMIC DEVELOPMENT AND DIVERSIFICATION GRANT AND LOAN PROGRAM [LFB Paper 215]

GPR-REV	\$1,350,000
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Joint Finance/Senate/Assembly: Delete \$1,000,000 PR in 2007-08 and \$350,000 PR in 2008-09 from the tribal gaming revenue economic development and diversification grants and loans appropriation, and provide expenditure authority of \$1,000,000 PR in 2007-08 and \$350,000 PR in 2008-09 in the repayments appropriation, to shift the funding source for gaming economic development and diversification grants and loans from tribal gaming revenues to award repayments. Decreasing the tribal gaming PR appropriation by \$1,350,000 for the biennium has the effect of increasing the general fund lapse from tribal gaming revenues by the same amount.

8. ELIMINATE INACTIVE PROGRAMS

Joint Finance/Senate/Assembly: Delete the following inactive programs and related appropriations: (a) mining economic development grants and loans; (b) certified capital companies, but retain current reporting requirements; (c) recycling rebates; and (d) brownfields general purpose revenue grants.

Housing, Buildings, and Environmental Regulation

1. AFFORDABLE HOUSING TRUST FUND [LFB Paper 220]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	-\$5,702,600	\$5,702,600	\$0
SEG	<u>7,702,600</u>	<u>-7,702,600</u>	<u>0</u>
Total	\$2,000,000	-\$2,000,000	\$0

Governor: Convert \$2,851,300 annually for housing services programs from GPR to the segregated affordable housing trust fund, and provide an additional \$1,000,000 SEG annually for Commerce housing programs. Under the bill, \$3,851,300 SEG annually would be provided for the following housing programs: (a) \$1,300,300 for housing grants and loans (see the preceding entry which also provides \$2,000,000 PR annually for this program as a transfer from WHEDA); (b) \$2,506,000 for shelter for homeless and transitional housing programs; and (c) \$45,000 for mental health services for homeless individuals. The bill would not change the purpose or requirements of the housing programs, but rather, would change the funding source from GPR to SEG and increase overall funding for the programs by \$1 million annually.

Create a segregated affordable housing trust fund, which would consist of moneys transferred from a segregated county aid fund. The county aid fund would receive revenues from the real estate transfer fee. Other entries related to the county aid fund are located under Circuit Courts, Department of Corrections, General Fund Taxes, Miscellaneous Appropriations, and Shared Revenue and Tax Relief.

The current housing programs provide the following types of services. Housing grants and loans provide assistance to organizations, local governments, and local housing authorities to develop capacity to provide new or expanded housing, pay operational costs, perform housing counseling activities, and assist home buyers, homeowner, and renters. Shelter for homeless and transitional housing provides grants to organizations and local governments to operate transitional housing facilities or homeless shelter operations. Mental health services for homeless individuals provide a portion of the 25% non-federal match for the federal Projects for

Assistance in Transition from Homelessness program. This program funds local agencies that provide services to people who have serious mental illness and are homeless.

Joint Finance/Senate/Assembly: Delete provision.

2. HOUSING PROGRAMS REESTIMATE [LFB Paper 226]

Joint Finance/Senate/Assembly: Delete \$2,251,900 FED and \$5,709,900 PR annually to reestimate the current housing program appropriations, as shown in the table, and convert 3.95 PR positions to FED to correctly reflect the federal source of funding. Further authorize a housing program services PR appropriation to receive funds from entities other than state agencies (such as housing service providers) to reflect current revenue sources. The current housing program services PR appropriation receives funds from state agencies.

	Funding	Positions
FED	-\$4,503,800	3.95
PR	-11,419,800	-3.95
Total	-\$15,923,600	0.00

Housing Program Appropriation Reestimates, Annual Amount

	Governor Amount	Governor Positions	Reestimate Amount	Reestimate Positions	Change to Governor Amount	Change to Governor Positions
Federal						
Housing - federal aid, individuals and organizations	\$35,565,600	0.00	\$23,000,000	0.00	-\$12,565,600	0.00
Housing - federal aid, local assistance	0	0.00	10,000,000	0.00	10,000,000	0.00
Housing - federal aid, operations	845,900	7.25	1,159,600	11.20	313,700	3.95
Subtotal - Federal	\$36,411,500	7.25	\$34,159,600	11.20	-\$2,251,900	3.95
Program Revenue						
Housing program services	\$6,909,900	3.95	\$700,000	0.00	-\$6,209,900	-3.95
Funding for the homeless - interest on real estate trust accounts	0	0.00	500,000	0.00	500,000	0.00
Subtotal - Program Revenue	\$6,909,900	3.95	\$1,200,000	0.00	-\$5,709,900	-3.95
Total, Annual Estimates	\$43,321,400	11.20	\$35,359,600	11.20	-\$7,961,800	0.00
Total Biennial Amount	\$86,642,800		\$70,719,200		-\$15,923,600	0.00

3. REPEAL REQUIREMENT TO PROVIDE EDUCATION REGARDING CONSTRUCTION STANDARDS [LFB Paper 221]

Governor: Repeal the statutory requirements that Commerce: (a) contract with a private organization to provide education for builders of dwellings (one- and two-family homes) about construction standards and inspection requirements; (b) contract with a private organization to provide education regarding business practices to builders of dwellings, and allocate \$100,000 annually for the contract; and (c) contact with a private organization to provide education for consumers about the home building process, and allocate at least \$600,000 annually for the contract. Maintain authorization for Commerce to enter into a contract for education, under

item (a) above, with an organization that is described in section 501 (c)(6) of the Internal Revenue Code and is exempt from federal income tax. The requirement in (a) existed prior to 2005 Act 25. In 2005 Act 25, requirements (b) and (c) were created, with \$650,000 in 2005-06 and \$700,000 in 2006-07 provided in the Safety and Buildings program revenue operations appropriation. The \$700,000 in base funding would remain under the bill. The administration indicates that Commerce could choose to use the \$700,000 for contracts or other purposes of the Division, or that it could be used to help meet the bill's requirements that agencies lapse funds to the general fund.

Joint Finance/Senate/Assembly: Delete provision.

4. CONSTRUCTION CAREER ACADEMY GRANT PILOT PROGRAM

PR	\$250,000
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Joint Finance/Senate/Assembly: Direct the Department of Commerce to create a Construction Career Academy Grant Pilot Program to provide grants to organizations to implement programs to provide high school students with training in construction-related careers. Include the following components:

a. Provide \$250,000 in 2007-08 in a biennial appropriation from Safety and Buildings Division general program revenues.

b. Authorize organizations to apply for grants to operate Construction Career Academies which: (1) combine a multi-year high school program with industry concepts into core academic areas; (2) include work experience in the construction-related industries; (3) develop a learning community; and (4) coordinate classroom credits with the Wisconsin Technical College System or four-year colleges.

c. The grant recipient organization could receive a grant of up to \$900 per student in the local program for purchasing of materials, funding of field trips, equipment purchases, facility improvements, or other program specific needs.

d. The grant recipient organization could also receive a grant of up to \$50,000 for development of core curriculum, professional development, or other administrative needs of the organization. Commerce would be required to determine the amount of administrative funds that each grant recipient organization could receive.

e. Direct Commerce to establish eligibility criteria for grants, which include the following requirements: (1) a minimum three-year commitment between a high school, local business partner or sponsoring organization and a technical college or four-year university; (2) the grant recipient shall provide matching funds equal to 50% of the grant award amount; (3) the project must include a work experience component; and (4) students are awarded a certificate of recognition for completing the Construction Career Academy plan of study.

f. Direct Commerce to promulgate administrative rules for the program. Direct

Commerce to consult with the Department of Public Instruction regarding the curriculum that grant recipients would be required to use. Require Commerce to submit proposed administrative rules to the Legislative Council staff for review by December 31, 2007.

5. PECFA AWARDS [LFB Paper 222]

SEG	- \$35,200,000
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Governor/Joint Finance/Senate/Assembly: Decrease the PECFA program awards appropriation by \$17,600,000 SEG annually to provide \$20.0 million each year in the biennial appropriation for PECFA claims. The PECFA program reimburses owners and operators for a portion of the cleanup costs of discharges from petroleum product storage tank systems and home heating oil tank systems. PECFA awards are paid from a portion of the 2¢ per gallon petroleum inspection fee that is deposited in the segregated petroleum inspection fund. While \$37.6 million is appropriated for PECFA awards in 2006-07, it is anticipated that expenditures will be \$21.3 million.

6. PECFA REVENUE OBLIGATION BONDING AUTHORITY [LFB Paper 222]

BR	- \$49,076,000
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Joint Finance/Senate/Assembly: Delete \$49,076,000 in currently authorized, but unissued, PECFA revenue obligation bonding authority.

7. PECFA PROGRAM SUNSET [LFB Paper 222]

Joint Finance/Senate/Assembly: Specify the following to begin to phase-out the PECFA program:

a. Require that if the owner or operator does not notify Commerce of the initial petroleum product discharge by January 1, 2009, the site would not be eligible for PECFA reimbursement.

b. Require that if the owner or operator does not begin investigation or remedial activities by December 30, 2009, the site would not be eligible for PECFA reimbursement.

c. Require that any claim for reimbursement must be submitted within 12 months after DNR or Commerce determine that no further action is necessary at the site, or the costs would not be eligible for PECFA reimbursement, effective with no further action letters issued on or after the effective date of the bill.

d. Authorize Commerce and DNR to determine that no further action is necessary at a site, even if the site owner does not request the agency to make the determination, and that no cleanup costs incurred after the date that the agency notifies the owner of the determination would be eligible for PECFA reimbursement.

e. Require that an owner or operator must submit a claim for reimbursement within

365 days after incurring the eligible costs, or by the first day of the 13th month after the effective date of the budget, whichever is later, if at least \$50,000 in unreimbursed PECFA costs have been incurred, or else those costs would no longer be eligible for reimbursement. (This would not end PECFA eligibility for the site.)

8. PECFA PAYMENTS FOR ABANDONED TANK REMOVAL [LFB Paper 223]

Governor: Authorize Commerce to use the petroleum environmental cleanup fund award (PECFA) appropriation to pay for the removal of certain underground petroleum storage tanks.

Commerce would be authorized to contract with a certified tank removal contractor for the costs of emptying, cleaning, removing, and disposing of a tank that has not been properly closed, and to backfill the excavation, if any of the following applies: (a) the Department is unable to identify the owner of, or other person responsible for, the underground petroleum product storage tank system; (b) the Department determines, in the same way that it determines eligibility for waiver of the deductible due to financial hardship, that the owner of the underground petroleum product storage tank system is unable to pay for the activities; or (c) the Department determines that the owner or responsible party is unwilling to pay for the activities.

Under the bill, up to \$250,000 annually from the PECFA awards appropriation would be set aside for payment of the eligible tank removal costs. Any portion of the \$250,000 set aside that would not be used to pay for removal of abandoned tanks would be available for currently authorized PECFA payments.

Commerce estimates the average cost of removing a tank would be approximately \$2,500 to \$3,000, and that approximately 75 to 100 tanks could be removed annually under the provision. Commerce estimates that fewer than 10% (740) of the over 7,400 abandoned tanks on the Department's database may qualify for payments under the provision.

If the Department pays for removal of the tank, Commerce would be required to record a lien on the property with the register of deeds, and the property would remain subject to the lien until the amount is paid in full. Any payments received by Commerce from persons who make repayments in order to remove the lien would be deposited in the petroleum inspection fund.

Joint Finance/Senate/Assembly: Delete provision.

9. PECFA ALTERNATIVE REIMBURSEMENT METHOD [LFB Paper 224]

Governor: Authorize Commerce to create an alternative reimbursement method of paying for cleanup expenses under the PECFA program. Currently, the PECFA program reimburses owners or operators (claimants) for cleanup expenses after the owner or operator

has paid for the cleanup costs. Under the bill, Commerce would be allowed to authorize an owner or operator to submit a claim to the Department for an award to be paid by the Department directly to consultants and contractors with whom the Department contracts to: (a) conduct an investigation to determine the extent of environmental damage caused by a petroleum product discharge from a petroleum product storage system or home oil tank system; (b) prepare a remedial action plan that identifies specific remedial action activities proposed to be conducted; and (c) conduct remedial action activities at the site of the discharge from the petroleum product storage system or home oil tank system. If Commerce determines that the owner or operator is eligible to submit a claim for costs to be paid to consultants and contractors, Commerce may approve the claim, contract with consultants and contractors for the investigation, remedial action plan, and remedial action activities, and pay the award to the service providers.

A consultant or contractor would not be eligible to receive an award under the bill for compensation to third parties for bodily injury and property damage caused by a petroleum products discharge from an underground petroleum product storage tank system. Currently, an owner or operator can receive reimbursement for such compensation.

The following current requirements would apply to a consultant or contractor receiving an award under the provision, instead of the owner or operator: (a) investigation of the extent of environmental damage caused by the petroleum product discharge; (b) recovery of any recoverable petroleum products from the tank; (c) disposal of any residual solid or hazardous waste consistent with local, state and federal laws; and (d) groundwater restoration consistent with DNR groundwater rules, and restoration of the environment, to the extent practicable, according to the standards required for the site.

Commerce anticipates that the alternate payment method might be used: (a) at sites where the owner or operator is not able to obtain financing to undertake or complete cleanup work at the site; (b) when an owner or operator prefers that Commerce, rather than the owner or operator, enter into the contract for cleanup activities; or (c) when Commerce wants to take a more active role in managing cleanup activities at a specific site.

Joint Finance/Senate/Assembly: Delete provision.

10. PENALTIES FOR VIOLATIONS OF HAZARDOUS SUBSTANCE TANK REGULATIONS

Governor/Joint Finance/Senate/Assembly: Increase the maximum civil penalty (forfeiture) that may be assessed to \$5,000, from the current \$1,000, for violations of regulations for tanks that store flammable, combustible, and hazardous liquids, including petroleum (each day of continued violation is a separate violation). In addition, increase the maximum forfeiture to \$5,000 (from \$2,000) for each day of violation of requirements that any owner or operator maintain records required by PECFA program rules. The U.S. Environmental Protection Agency removed \$50,000 from the federal leaking underground storage tank grant to

Commerce in each of federal fiscal years 2005, 2006, and 2007, and withheld approval of state program approval status for state administration of federal tank regulations, because the state does not assess penalties of up to \$5,000 or more for each day of violation.

11. FIRE DUES DISTRIBUTION [LFB Paper 227]

PR	\$1,060,000
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Joint Finance/Senate/Assembly: In order to reflect anticipated revenues, reestimate the appropriation for fire dues distribution to local fire departments from \$14,100,000 to \$14,390,000 in 2007-08 (an increase of \$290,000) and \$14,870,000 in 2008-09 (an increase of \$770,000).

Further, require that the unencumbered balance in the Wisconsin Technical College System operations appropriation revert back to the fire dues distribution appropriation at the end of each fiscal year (beginning June 30, 2008). Any lapsed amounts would be available for distribution to fire departments in the following year.

CORRECTIONS

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 228]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$167,121,800	- 5.00	-\$961,500	0.00	\$166,160,300	- 5.00
PR	14,733,100	- 6.00	- 74,600	0.00	14,658,500	- 6.00
SEG	<u>10,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>10,000</u>	<u>0.00</u>
Total	\$181,864,900	- 11.00	-\$1,036,100	0.00	180,828,800	- 11.00

Governor: Provide \$91,042,000 and -4.25 positions in 2007-08 (\$83,624,700 GPR, \$7,412,300 PR and -4.25 PR positions, and \$5,000 SEG) and \$90,822,900 and -11.0 positions in 2008-09 (\$83,497,100 GPR and -5.0 GPR positions, \$7,320,800 PR and -6.0 PR positions, and \$5,000 SEG) for standard budget adjustments as follows: (a) turnover reduction of -\$8,394,200 GPR and -\$669,200 PR annually; (b) removal of non-continuing elements from base of -\$88,400 GPR and -\$222,500 PR and -4.25 PR positions in 2007-08, and -\$216,000 GPR and -5.0 GPR positions and -\$332,000 PR and -6.0 PR positions in 2008-09; (c) full funding of continuing salaries and fringe benefits of \$59,628,700 GPR and \$5,887,900 PR annually; (d) reclassifications of \$3,400 GPR annually; (e) overtime of \$24,672,700 GPR, \$1,889,300 PR, and \$4,900 SEG in 2007-08 and \$24,672,700 GPR, \$1,907,300 PR, and \$4,900 SEG in 2008-09; and (f) night and weekend differential of \$7,802,500 GPR, \$526,800 PR, and \$100 SEG annually. It should be noted that with overtime and night and weekend differential, these costs are removed when calculating full funding of salaries and fringe benefits. Thus, funding for overtime and night and weekend differential represent the estimated total funding for these items (not an increase from base funding).

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by -\$482,100 GPR and -\$37,100 PR in 2007-08 and -\$479,400 GPR and -\$37,500 PR in 2008-09 associated with overtime funding.

2. RENT [LFB Paper 102]

	<u>Governor</u> <u>(Chg. to Base)</u>	<u>Jt. Finance</u> <u>(Chg. to Gov)</u>	<u>Net Change</u>
GPR	\$2,384,400	-\$1,106,300	\$1,278,100
PR	<u>76,200</u>	<u>0</u>	<u>76,200</u>
Total	\$2,460,600	-\$1,106,300	\$1,354,300

Governor: Provide \$1,044,700 GPR and \$15,200 PR in 2007-08 and \$1,339,700 GPR and \$61,000 PR in 2008-09 for rental costs on a departmentwide basis. Funding would be divided as follows: (a) Division of Management Services (\$844,300 GPR and -\$66,700 PR in 2007-08 and \$964,000 GPR and -\$44,100 PR in 2008-09); (b) Division of Adult Institutions (-\$2,500 GPR and \$76,800 PR in 2007-08 and -\$2,300 GPR and \$83,300 PR in 2008-09); (c) Division of Community Corrections (\$201,800 GPR and \$1,300 PR in 2007-08 and \$376,500 GPR and \$2,500 PR in 2008-09); (d) Secretary's Office (\$900 GPR in 2007-08 and \$1,000 GPR in 2008-09); (e) Parole Commission (\$1,900 GPR in 2007-08 and \$2,000 GPR in 2008-09); and (f) Division of Juvenile Corrections (-\$1,700 GPR and \$3,800 PR in 2007-08 and -\$1,500 GPR and \$19,300 PR in 2008-09).

Joint Finance/Senate/Assembly: Reduce funding by -\$544,200 GPR in 2007-08 and -\$562,100 GPR in 2008-09 as a result of receiving rent reimbursements from the Department of Administration.

3. DEBT SERVICE REESTIMATES [LFB Paper 175]

GPR	- \$54,400
PR	26,900
Total	- \$27,500

Governor/Joint Finance/Senate/Assembly: Provide \$439,100 GPR and -\$121,000 PR in 2007-08 and -\$493,500 GPR and \$147,900 PR in 2008-09 to reflect a reestimate of debt service costs in the Department. The reestimates include: (a) adult corrections, \$62,100 GPR in 2007-08 and -\$893,400 GPR in 2008-09; (b) juvenile corrections, \$377,000 GPR in 2007-08 and \$399,900 GPR in 2008-09; and (c) Badger State Industries, -\$121,000 PR in 2007-08 and \$147,900 PR in 2008-09.

In total, debt services for Corrections would be: (a) adult corrections, \$74,592,500 GPR in 2007-08 and \$73,637,000 in 2008-09; (b) juvenile corrections, \$4,877,500 GPR in 2007-08 and \$4,900,400 GPR in 2008-09; and (c) Badger State Industries, \$117,600 PR in 2007-08 and \$386,500 PR in 2008-09.

4. FUEL AND UTILITIES REESTIMATES

GPR	\$8,375,700
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Governor/Joint Finance/Senate/Assembly: Provide \$3,634,300 in 2007-08 and \$4,741,400 in 2008-09 for estimated fuel and utilities costs in the Division of Adult Corrections. Current base funding for fuel and utilities is \$24,791,300 GPR.

5. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Provide 20.25 GPR positions and 24.0 PR positions associated with correctional power plants. Of the positions, 20.25 GPR positions and 19.0 PR positions are associated with adult corrections, while 5.0 PR positions are associated with juvenile corrections. The positions were deleted in the 2005-07 biennial budget act, however funding for the positions remained in the Department's base budget. [See "Administration -- General Agency Provisions."]

Joint Finance/Senate/Assembly: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (20.25 GPR and 24.0 PR positions annually) will be reflected in the adjusted base position counts.

6. PROGRAM REVENUE REESTIMATES -- DEPARTMENTWIDE

PR	- \$88,600
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Governor/Joint Finance/Senate/Assembly: Provide \$9,200 in 2007-08 and -\$97,800 in 2008-09 associated with the following program revenue reestimates: (a) -\$22,800 in 2007-08 and -\$129,800 in 2008-09 associated with supplies and services in the administration of restitution appropriation; and (b) \$32,000 annually for increased sex offender honesty testing costs.

7. INFORMATION TECHNOLOGY POSITIONS

	Funding	Positions
GPR	- \$540,800	20.00

Governor/Joint Finance/Senate/Assembly: Provide 20.0 positions annually to replace contracted consultants in the Department's information technology (IT) operations. Delete \$1,321,100 in 2007-08 and \$1,761,400 in 2008-09 from supplies and services, and provide \$1,089,300 in 2007-08 and \$1,452,400 in 2008-09 for salary and fringe benefit costs for the requested 20.0 positions. In total, funding would be reduced by \$231,800 in 2007-08 and \$309,000 in 2008-09. The positions would replace IT consulting staff performing such functions as IT systems development, IT supervision, applications specialist, applications development, and help desk services. The positions would replace 29 contractors utilized by the Department.

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS [LFB Paper 230]

Governor: Estimate an average daily population in adult correctional facilities (correctional institutions and centers) and contract beds of 22,827 in 2007-08 and 23,143 in 2008-09. The following table identifies the estimated distribution of this population.

	February 23, 2007 <u>Actual Population</u>	<u>Average Daily Population</u>	
		<u>2007-08</u>	<u>2008-09</u>
Institutions*	19,606	19,004	19,012
Centers	2,408	2,511	2,526
Contract Beds**	<u>636</u>	<u>1,312</u>	<u>1,605</u>
Total	22,650	22,827	23,143

* Includes inmates placed at the Wisconsin Resource Center, operated by DHFS (340 on February 23, 2007, and 344 for each year in 2007-09).

** Contract bed populations include 30 inmates held in federal facilities, and do not factor in estimated contract bed reductions included in some budget provisions [see Item #3].

Joint Finance/Senate/Assembly: Reestimate the average adult daily population to be 22,940 in 2007-08 and 23,241 in 2008-09, as identified in the below table.

	June 8, 2007 <u>Actual Population</u>	<u>Average Daily Population</u>	
		<u>2007-08</u>	<u>2008-09</u>
Institutions*	19,724	19,004	19,012
Centers	2,438	2,511	2,526
Contract Beds**	<u>614</u>	<u>1,425</u>	<u>1,703</u>
Total	22,776	22,940	23,241

* Includes inmates placed at the Wisconsin Resource Center, operated by DHFS (334 on June 8, 2007, and 344 for each year in 2007-09).

** Contract bed populations include 30 inmates held in federal facilities who do not factor into estimated contract bed funding, summarized below [see Item #3].

2. POPULATION AND INFLATIONARY COST INCREASES [LFB Paper 230]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$21,347,500	-\$44,000	\$21,303,500

Governor: Provide \$9,546,600 in 2007-08 and \$11,800,900 in 2008-09 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions as follows: (a) \$1,963,800 in 2007-08 and \$2,483,700 in 2008-09 for food costs; (b) \$258,600 in 2007-08 and \$283,400 in 2008-09 for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$7,324,200 in 2007-08 and \$9,033,800 in 2008-09 for inmate health care. The request for inmate health services assumes that per capita annual inmate costs will increase from an estimated \$2,409 in 2006-07 to \$2,482 in 2007-08 and \$2,557 in 2008-09. Health care costs include pharmaceutical costs, and contracting costs with the University Hospital and Clinics, the UW Medical Foundation, Waupun Memorial Hospital, and other community hospitals.

Joint Finance/Senate/Assembly: Modify funding by -\$21,800 in 2007-08 and -\$22,200 in 2008-09 associated with a recalculation of food costs.

3. FUNDING AND POSITIONS FOR INMATE HEALTH CARE [LFB Paper 232]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$3,419,000	43.00	-\$1,155,300	- 5.00	\$2,263,700	38.00

Governor: Provide \$1,472,300 and 30.25 positions in 2007-08 and \$1,946,700 and 43.0 positions in 2008-09 associated with prison health care. Funding and positions would be provided as follows: (a) for expansion of mental health services at Taycheedah Correctional Institution -- 1.0 supervising psychiatrist, 2.0 psychologists, 1.5 psychologist supervisors, 7.0 licensed practical nurses, 5.25 psychological associates, and 1.5 office operations associates; (b) additional staffing at Taycheedah for assessments and evaluations, primary care at the health service unit, and nursing care -- 1.0 nurse practitioner, 2.5 licensed practical nurses, 4.5 nurse clinicians, 3.5 medical assistants, and 3.5 associate medical program assistants; (c) for additional infirmary positions at Dodge Correctional Institution -- 2.0 nurse clinicians, 0.25 nursing supervisor, and 1.5 hemodialysis technicians; (d) 1.0 correctional officer at Fox Lake Correctional Institution associated with a revised post shift analysis; and (e) 1.0 physician supervisor, 1.0 psychologist manager 1.0 financial program supervisor, and 2.0 financial specialists associated with reorganization under the Bureau of Health Services.

Joint Finance/Senate/Assembly: Delete the funding and positions provided for the Bureau of Health Services reorganization (-\$539,400 in 2007-08 and -\$615,900 in 2008-09 and 5.0 positions annually).

4. PROGRAM REVENUE REESTIMATES -- PRISON INDUSTRIES

PR	-\$3,995,500
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Governor/Joint Finance/Senate/Assembly: Delete \$1,927,400 in 2007-08 and \$2,068,100 on 2008-09 associated with reduced costs for raw materials in prison industries.

5. PENALTY SURCHARGE FUNDING REDUCTIONS [LFB Paper 501]

	<u>Governor</u> <u>(Chg. to Base)</u>	<u>Jt. Finance</u> <u>(Chg. to Gov)</u>	<u>Net Change</u>
	Funding	Funding	Funding
PR	-\$150,200	\$150,200	\$0

Governor: Reduce expenditure authority by \$150,200 in 2007-08, as follows: (a) -\$136,400 under the correctional officer training appropriation; and (b) -\$13,800 under the victim services and programs appropriation. According to the Executive Budget Book, the reductions reflect current projections for penalty surcharge funding.

Joint Finance/Senate/Assembly: Delete provision.

Community Corrections

1. FUNDING AND POSITIONS FOR GPS TRACKING OF CERTAIN CHILD SEX OFFENDERS [LFB Paper 240]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$10,426,500	122.25	-\$4,633,300	-51.15	\$5,793,200	71.10
PR	<u>520,700</u>	<u>0.00</u>	<u>-55,900</u>	<u>0.00</u>	<u>464,800</u>	<u>0.00</u>
Total	\$10,947,200	122.25	-\$4,689,200	-51.15	\$6,258,000	71.10

Governor: Modify current law related to global positioning system (GPS) tracking of certain child sex offenders, as follows:

a. Repeal provisions associated with tracking offenders who have been discharged from either the Department of Corrections or Department of Health and Family Services custody;

b. Repeal provision associated with tracking offenders who have been placed on probation for committing a serious child sex offense;

c. Repeal provision associated with tracking individuals who have been convicted under of a comparable serious child sex offense crime under federal or another state's law, and are residing in Wisconsin and are employed, carrying on vocations, or are students. Instead, require the Department to track individuals who have been convicted of a comparable serious child sex offense crime under federal or another state's law, and the Department begins supervision of the individual on or after January 1, 2008, under the interstate corrections compact;

d. Require that all offenders who are placed on lifetime supervision for serious sex offenses also be tracked using GPS as a condition of lifetime supervision;

e. Modify definition of "global positioning system tracking" to mean tracking using a system that can monitor, identify, and record a person's location and that records the person's presence in an exclusion zone or the person's departure from an inclusion zone.

f. Delete provisions associated with "lifetime tracking" and "passive positioning system tracking;"

g. Create an appropriation in the Department for monies collected for costs relating to GPS tracking of offenders. Specify that monies received be utilized for expenditures related to GPS tracking;

h. Repeal the provision allowing the Department to petition for termination of an offender's tracking if the offender is permanently physically incapacitated. Instead, provide that the Department may petition for termination if the Department determines that tracking is no longer necessary to protect the public;

i. Repeal the requirement that a physician who examines an offender, pursuant to a petition for termination, include in his or her report the opinion of whether or the person is permanently physically incapacitated. Instead, require a physician or psychologist to include his or her opinion in the report of whether the person is a danger to the public;

j. Repeal the provision that the Department may terminate a person's GPS tracking after 10 years if the victim of the serious child sex offense was a relative of the person tracked. Instead, allow the Department to terminate the person's tracking if the victim of the serious child sex offense was a relative, if the Department determines the person would not be a danger to the public if not tracked;

k. Provide that the Department may contract for escort services for persons on supervised release who are restricted during the first year of their supervised release; and

l. Modify the effective date of the GPS tracking provisions from July 1, 2007 to January 1, 2008.

In addition to statutory modifications to the GPS tracking provisions, provide \$2,589,100 GPR and 52.5 GPR positions and \$155,400 PR in 2007-08 and \$7,837,400 GPR and 122.25 GPR positions and \$365,300 PR in 2008-09 to track serious child sex offenders. Under the bill, staffing in 2008-09 would include: (a) 52.75 communications operators; (b) 3.0 corrections communications supervisors; (c) 42.25 probation and parole agents; (d) 4.25 correctional field supervisors; (e) 2.0 program support supervisors; (e) 12.5 office operations associates; (f) 5.0 sex registry corrections program specialists; and (g) 0.5 corrections services supervisor.

Under current law (effective on or after July 1, 2007), the Department of Corrections must:

a. Maintain lifetime tracking of persons placed on probation, parole, extended supervision, conditional release, or supervised release for committing a serious child sex offense;

b. Maintain lifetime tracking of persons discharged from prison, conditional release, or supervised release for a serious child sex offense;

c. Track an individual using GPS if all the following apply: (i) the person was convicted under federal law or another state's law, or found not guilty of or not responsible for by reason of mental disease or defect, of a crime comparable to a serious child sex offense; and (ii) the person resides in the state, is employed or carrying on a vocation, or is a student.

Lifetime tracking is defined as using GPS tracking to track a person for the remainder of

the person's life or until terminated. GPS tracking is defined as a system that "actively monitors and identifies a person's location and timely reports or records the person's presence near or at a crime scene or in an exclusion zone or the person's departure from an inclusion zone."

The Department may track a person using passive positioning system tracking if the person completes his or sentence, including any probation, parole or extended supervision. Passive positioning system tracking is defined as a system that monitors, identifies, and records a person's location.

Joint Finance/Senate/Assembly: Delete the Governor's recommendation. Maintain the current law provisions, except for the following modifications:

- a. Modify the effective date of the provisions to January 1, 2008.
- b. Modify lifetime tracking to include the following individuals:
 - (1) Persons placed on supervised release (Chapter 980) or conditional release (Chapter 971), or discharged under Chapters 980 and 971 of the statutes, for a serious child sex offense on or after the effective date of the provisions;
 - (2) Persons placed on lifetime supervision under s. 939.615 of the statutes for a serious child sex offense on or after the effective date of the provisions;
 - (3) Persons for whom a special bulletin notification is issued on or after the effective date of the provision. Special bulletin notifications are issued when an offender is released to the community, who was convicted, or found not guilty or not responsible by reason of mental disease or defect, on two or more separate occasions of a sex offense;
 - (4) Persons released from prison, or to extended supervision or parole, on or after the effective date of the provisions, for one of the following serious child sex offenses: (a) sexual contact or intercourse with a person who has not attained the age of 13 years and causes great bodily harm, if the person is not a relative; and (b) sexual intercourse with a person who has not attained the age of 12 years, if the person is not a relative;
 - (5) Persons convicted, on or after the effective date of the provisions, who are release from prison, or to extended supervision or parole, for one of the following serious child sex offenses: (a) sexual intercourse with a person who has not attained the age of 16 years by use or threat of force or violence, if the person is not a relative; and (b) sexual contact with a person who has not attained the age of 16 years by use or threat of force or violence, if the person is not a relative.
- c. Require the Department to utilize a risk assessment instrument for serious child sex offenders for whom lifetime tracking is not required. If the risk assessment results in a determination that GPS monitoring is appropriate for the individual, the Department will maintain lifetime tracking of the individual. Further, require the Department to utilize a risk

assessment instrument for individuals under supervision of the interstate corrections compact for a serious child sex offense.

d. Specify that the terms of any contract(s) for GPS monitoring services not exceed three years. Specify that the contracted services include the installation, removal, and technical maintenance of all GPS devices through local staff onsite in Wisconsin. Specify that the tracking devices utilized for active GPS monitoring must provide real-time alerts to the Department.

e. Create an appropriation in the Department for monies collected for costs related to GPS tracking of offenders. Specify that monies received be utilized for expenditures related to GPS tracking.

f. Provide that the Department may contract for services to escort persons on supervised release who are restricted during the first year of their release.

Provide \$1,469,800 GPR and 30.10 GPR positions and \$149,100 PR in 2007-08 and \$4,323,400 GPR and 71.10 GPR positions and \$315,700 PR in 2008-09 for the GPS monitoring program. (As a result, funding and positions provided under the Governor's recommendation is modified by -\$1,119,300 GPR and 22.40 GPR positions and -\$6,300 PR in 2007-08 and -\$3,514,000 GPR and -51.15 GPR positions and -\$49,600 PR in 2008-09.)

2. PROGRAM REVENUE REESTIMATES - COMMUNITY CORRECTIONS [LFB Paper 234]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$1,618,400	-\$60,000	\$1,558,400

Governor: Provide \$774,200 in 2007-08 and \$844,200 in 2008-09 associated with the following program revenue reestimates: (a) \$43,600 annually associated with increased costs for limited-term employees (LTEs) at the Department's Monitoring Center (a net result of an increase in \$300,000 annually for LTEs and a decreased of \$256,400 annually for supplies and services); (b) -\$38,900 annually for reduced supplies and services associated with drug testing costs; (c) -\$6,000 annually for the loans to persons on probation, extended supervision or parole to reduce funding to \$0 annually; (d) \$114,800 in 2007-08 and \$184,800 in 2008-09 for expenditures associated with sex offender management, including LTEs, rent, polygraph testing, sex offender notifications, and supplies and services; and (e) \$660,700 annually for projected increased in LTE and supplies and services costs for probation, parole and extended supervision funded from supervision fees.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by -\$30,000 annually based on updated expenditure data related to the Department's Monitoring Center.

3. SPECIAL BULLETIN RELEASE NOTIFICATION

Joint Finance/Senate/Assembly: Modify current special bulletin notification provisions to require that the police chief and the sheriff of any county in which a person regularly travels to or through also be notified if Corrections or the Department of Health and Family Services (DHFS) releases a sexually violent person or offender who has been convicted on two or more occasions of a sex offense.

Under current law, if an agency with jurisdiction (Corrections or DHFS) places a person in community confinement, or releases a person from confinement in a state correctional institution or institutional care, and the person has been found to be a sexually violent person (Chapter 980) or has, on two or more separate occasions, been convicted or found not guilty or not responsible by reason of mental disease or defect for a sex offense or for a violation of a Wisconsin law that is comparable to a sex offense, the agency with jurisdiction is required to notify the police chief of any community and the sheriff of any county in which the person will be residing, employed or attending school. Once notified a police chief or sheriff who receives a bulletin may provide any of the information in the bulletin to an entity in the police chief's community or the sheriff's county that is entitled to request information, to any person requesting information (if, in the opinion of the police chief or sheriff, providing the information is necessary to protect the public and if certain conditions are met) or to members of the general public if, in the opinion of the police chief or sheriff, providing that information is necessary to protect the public.

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Paper 246]

Governor: Reestimate the juvenile secured correctional facility average daily population (ADP) from 660 in 2006-07 to 771 in both 2007-08 and 2008-09, as shown in the following table. On February 23, 2007, 585 juveniles were under state supervision in a secured correctional facility. The population projections include juveniles funded under the serious juvenile offender (SJO) program. Under the bill, the population projections in the table are used in the calculation of daily rates for each type of care.

Average Daily Population

	February 23, 2007 <u>Actual Population*</u>	<u>Projected ADP</u>	
		<u>2007-08</u>	<u>2008-09</u>
Juvenile Correctional Facilities	585	560	560
Other Placements			
Corrective Sanctions	125	136	136
Aftercare Services	<u>90</u>	<u>75</u>	<u>75</u>
Subtotal -- Other	215	211	211
Total ADP	800	771	771
Alternate Care	80	54	54

*Except alternate care, which reflects actual ADP through January, 2007.

The juvenile detention facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the SPRITE Program, and the Mendota Juvenile Treatment Center.

Under the corrective sanctions program, juveniles are placed in the community, following a period in a secured correctional facility, and are provided with intensive surveillance. In addition, for each corrective sanctions slot, an average of not more than \$3,000 annually is provided to purchase community-based treatment services.

Aftercare services include juveniles under state supervision following release from a juvenile correctional facility. Placement may be in an alternate care setting, a relative's home, or the juvenile's own home.

Alternate care includes residential care centers for children and youth, group homes, foster homes, and treatment foster homes. The average daily population for alternate care is a subset of aftercare services.

Joint Finance/Senate/Assembly: Reestimate the average daily populations from 560 juveniles to 583 annually for juvenile correctional facilities and from 75 juveniles to 85 annually for aftercare supervision services.

	<u>Projected ADP</u>	
	<u>2007-08</u>	<u>2008-09</u>
Juvenile Detention Facilities	583	583
Other Placements		
Corrective Sanctions	136	136
Aftercare Services	<u>85</u>	<u>85</u>
Subtotal -- Other	221	221
Total ADP	804	804

2. STATUTORY DAILY RATES [LFB Paper 246]

Governor: Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile detention facilities, state aftercare supervision, and for each type of alternate care setting, including residential care centers for children and youth, group homes, treatment foster homes and foster homes.

Under the bill, the following statutory daily rates would be established for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation.

	Statutory Rates	Governor	
	7-1-06 thru 6-30-07	7-1-07 thru 6-30-08	7-1-08 thru 6-30-09
Juvenile Detention Facilities*	\$209.00	\$269.00	\$279.00
Corrective Sanctions	82.00	99.00	101.00
Aftercare Supervision	33.00	40.00	41.00
Residential Care Centers	244.00	277.00	296.00
Group Homes	163.00	165.00	172.00
Treatment Foster Homes	87.00	132.00	145.00
Regular Foster Homes	50.00	67.00	74.00

*Including transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center.

The proposed daily rates for juvenile facilities, corrective sanctions, and aftercare supervision are calculated on the basis of budgeted funding levels, anticipated average daily populations, and the number of days in the year. Daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are determined by applying percentage adjustments to prior daily rates for each type of care (see the "Alternate Care" entry below).

Joint Finance/Senate/Assembly: Revise the daily rates for juvenile correctional care, as shown in the below table. The table reflects changes to the daily rates relating to the Joint Committee on Finance's actions on: (a) modifications of standard budget adjustments; and (b) revised population estimates and certain budget adjustments that affect the cost basis for calculating the daily rates.

Statutory Daily Rates

<u>Type of Care</u>	<u>Governor</u>		<u>IFC</u>		<u>Net Change</u>	
	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>
Juvenile Correctional Facilities*	\$269	\$279	\$259	\$268	-\$10	-\$11
Corrective Sanctions	99	101	99	101	--	--
Aftercare Supervision	40	41	35	37	-5	-4
Residential Care Centers	277	296	277	296	--	--
Group Homes	165	172	165	172	--	--
Treatment Foster Homes	132	145	132	145	--	--
Regular Foster Homes	67	74	67	74	--	--

*Including transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center.

3. SERIOUS JUVENILE OFFENDER FUNDING [LFB Paper 247]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$4,255,000	-\$390,300	\$3,864,700

Governor: Increase funding by \$1,746,000 in 2007-08 and \$2,509,000 in 2006-07 to reflect increased costs associated with state-funded serious juvenile offenders (SJO).

The SJO appropriation reimburses juvenile correctional institutions, secured child caring institutions, alternate care providers, aftercare supervision providers and corrective sanctions supervision providers for costs incurred for juveniles who receive an SJO disposition. All components of the SJO disposition are state funded; counties have no financial responsibility for a juvenile placed in the SJO program. A juvenile is subject to an SJO placement for certain acts committed on or after July 1, 1996, as follows: (a) if the juvenile is 14 years of age or more and has been adjudicated delinquent for committing a delinquent act that is equivalent to certain Class A, Class B, or Class C felony offenses; or (b) the juvenile is 10 years of age or more and has been adjudicated delinquent for attempting or committing first-degree intentional homicide or for committing first-degree reckless homicide or second-degree intentional homicide. An SJO disposition may only be made for these juveniles if the judge finds that the only other disposition that would be appropriate is placement in a secured correctional facility.

For a juvenile receiving a disposition as a Serious Juvenile Offender, the court is required to make the order apply for a period of five years if the adjudicated act was a Class B or Class C felony offense, or until the juvenile reaches 25 years of age if the adjudicated act was a Class A felony offense. The disposition includes the concept of Type 2 status, which allows the Department to administratively transfer a juvenile through an array of component phases, including both juvenile detention facility and community placements.

The adjusted base funding for the SJO appropriation is \$14,401,200 annually. Under the bill, the following average daily populations (ADPs) for the SJO appropriation, are projected for the 2007-09 biennium:

Average Daily Population

<u>Type of Care</u>	<u>As of January, 2007</u>	<u>Serious Juvenile Offenders</u>	
		<u>2007-08</u>	<u>2008-09</u>
Juvenile Detention Facilities	106	104	105
Corrective Sanctions Program	75	68	69
Aftercare Supervision	<u>48</u>	<u>51</u>	<u>52</u>
Total ADP	229	223	226
Alternate Care*	45	41	41

*A subset of aftercare supervision that includes residential care centers, group homes, treatment foster homes, and certain supplemental living arrangements.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by -\$309,900 in 2007-08 and -\$80,400 in 2008-09 to reflect reestimated statutory daily rates and SJO populations for juvenile correctional facilities, corrective sanctions, aftercare supervision, and alternate care placements.

Average Daily Population

<u>Type of Care</u>	<u>Serious Juvenile Offenders</u>	
	<u>2007-08</u>	<u>2008-09</u>
Juvenile Correctional Facilities	98	102
Corrective Sanctions Program	76	77
Aftercare Supervision	<u>58</u>	<u>58</u>
Total ADP	232	232
Alternate Care	46	46

4. ALTERNATE CARE [LFB Paper 248]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$350,300	\$1,094,300	\$744,000

Governor: Reduce base funding by \$311,700 in 2007-08 and \$38,600 in 2008-09 for juvenile residential aftercare (alternate care) to reflect decreasing population estimates. The residential aftercare appropriation funds the costs of care for juveniles placed in residential care

centers for children and youth, foster care homes, treatment foster care homes, group homes, and certain other living arrangements. Base funding for the residential aftercare appropriation is \$4,869,800 (based on an estimated average daily population of 80.5 juveniles in 2006-07). The year-to-date ADP for alternate care (through January, 2007) is 76.3. Under the bill, the alternate care ADP is projected at 54 in both 2007-08 and 2008-09.

Alternative care placements include placements in residential care centers for children and youth, group homes, treatment foster homes, and foster homes. Alternate care rates are estimated under the bill by taking the actual average rates paid for each type of care for the first five months in 2006, and applying annual percentage rates of increase (7% for residential care centers for children and youth, 4% for group home placements, and 10% for foster homes) to estimate 2006-07, 2007-08, and 2008-09 average rates. The estimated 2007-08 and 2008-09 average rates and projected ADP of 54 juveniles are then used to calculate the budget recommendation for alternate care.

While a single rate for each type of alternate care is established by statute, facilities providing each type of care vary in the daily rates that are charged. It is the Department's responsibility to manage these costs within the alternate care budget calculated on the basis of a single, average rate and estimated juvenile populations. The following table shows the statutory alternate care rates for 2006-07 and the average rates projected under the bill for 2007-08 and 2008-09.

	Statutory Rates 7-1-06 thru 6-30-07	Governor	
		7-1-07 thru 6-30-08	7-1-08 thru 6-30-09
Residential Care Centers	\$244.00	\$277.00	\$296.00
Group Homes	163.00	165.00	172.00
Treatment Foster Homes	87.00	132.00	145.00
Regular Foster Homes	50.00	67.00	74.00

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by \$530,200 in 2007-08 and \$564,100 in 2008-09 to reflect modified population estimates of 59.5 juveniles annually (the estimated daily rates for alternate care remain the same).

5. MENDOTA JUVENILE TREATMENT CENTER

PR	\$565,900
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Governor/Joint Finance/Senate/Assembly: Modify statutory provisions to reflect increased funding of \$249,200 in 2007-08 and \$316,700 in 2008-09 in the Department's juvenile correctional services appropriation for payments to the Department of Health and Family Services' (DHFS) interagency and intra-agency programs appropriation, for services for juveniles placed at the Mendota Juvenile Treatment Center (MJTC). Base funding for MJTC is \$1,379,300 GPR and \$2,390,600 PR. Under the bill, total funding would be \$1,379,300 GPR and

\$2,639,800 PR in 2007-08 and \$1,379,600 GPR and \$2,707,300 in 2008-09.

The Mendota Juvenile Treatment Center is a secure correctional facility located on the grounds of the Mendota Mental Health Institute that provides evaluation of and treatment services to male adolescents transferred from Division of Juvenile Corrections institutions. Under current law, Corrections is required to transfer certain funds specified in statute to DHFS for those services. The bill adjusts those amounts for the 2007-09 biennium.

6. POSITION REDUCTIONS AND TRANSFERS IN JUVENILE CORRECTIONAL INSTITUTIONS AND CORRECTIVE SANCTIONS [LFB Paper 249]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$3,117,400	-29.92	\$0	15.00	-\$3,117,400	-14.92

Governor: Reduce funding by \$1,558,700 and 29.92 positions annually associated with long-term vacancies in juvenile correctional institutions and corrective sanctions. The position reductions include: (a) 8.0 positions budgeted in the Division of Juvenile Corrections central office; (b) 12.0 positions at Ethan Allen School; (c) 3.5 positions at the Lincoln Hills School; and (d) 6.42 positions at the Southern Oaks Girls School. In addition, the bill would transfer of 7.0 positions from the juvenile aftercare program to juvenile corrective sanctions.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by restoring 15.0 positions but not funding associated with those positions.

7. POPULATION-RELATED COST ADJUSTMENTS [LFB Paper 246]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
	Funding	Funding	Funding
PR	-\$1,806,700	\$86,700	-\$1,720,000

Governor: Delete \$938,300 in 2007-08 and \$868,400 in 2008-09 to reflect population-related cost adjustments as follows: (a) -\$132,900 in 2007-08 and -\$119,200 in 2008-09 for food costs at juvenile correctional institutions; (b) -\$109,900 annually for variable non-food costs (such as laundry, clothing, and personal items) for institutionalized juveniles; and (c) -\$695,500 in 2007-08 and -\$639,300 in 2008-09 to reflect juvenile health cost reductions.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by \$42,500 in 2007-08 and \$44,200 in 2008-09 based on more recent population and placement data (-\$10,700 in 2007-08 and -\$10,900 in 2008-09 for food costs, \$25,200 annually for variable non-food costs, and \$28,000 in 2007-08 and \$29,900 in 2008-09 for juvenile health care costs.)

8. PROGRAM REVENUE REESTIMATES -- JUVENILE CORRECTIONS

PR	\$2,031,300
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Governor/Joint Finance/Senate/Assembly: Provide \$851,500 in 2007-08 and \$1,179,800 in 2008-09 associated with the following program revenue reestimates: (a) \$816,700 in 2007-08 and \$1,145,100 in 2008-09 for juvenile utilities and heating supplies and services; and (b) \$34,800 in 2007-08 and \$34,700 in 2008-09 for supplies and services under the juvenile corrective sanctions program.

9. JUVENILE CORRECTIONAL SERVICES APPROPRIATION DEFICIT [LFB Paper 250]

Joint Finance/Senate/Assembly: Provide that all available program revenue balances in the juvenile residential aftercare and corrective sanctions appropriations be transferred to the juvenile correctional services appropriation on June 30, 2007.

Create a statutory mechanism to authorize the Departments of Administration and Corrections, prior to the end of each odd-numbered year, to: (a) estimate the unexpended revenues, less encumbrances, that will remain in the juvenile correctional services appropriation on June 30th of that year; and (b) if the estimated balance is projected to be negative, include the amount of the estimated deficit in the cost basis for the calculation of the proposed secured correctional facilities daily rates for the subsequent biennium. Require that 50% of the deficit amount be added to the cost basis for the calculation of daily rates for the first year of the subsequent biennium and 50% of the deficit amount be added to the cost basis for the calculation of daily rates for the second year of the subsequent biennium. Require that the share of the daily rate revenue that is proportionate to the share of the increased cost basis associated with the estimated deficit be reserved for the purpose of retiring the deficit. Provide that any revenue reserved for this purpose that exceeds the amount of the deficit on June 30th, of the odd-numbered year of the subsequent biennium, be reimbursed to the counties and the state, on before September 30, of that calendar year, in a manner proportionate to the total number of days of juvenile placements at the facilities for each county and the state.

COURT OF APPEALS

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$1,419,800
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Governor/Joint Finance/Senate/Assembly: Provide adjustments to the base budget including: (a) \$702,200 annually for full funding of salaries and fringe benefits; and (b) \$7,700 annually for full funding of lease costs.

DISTRICT ATTORNEYS

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 260]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$2,795,800	0.00	\$50,400	0.00	\$2,846,200	0.00
PR	<u>2,824,300</u>	<u>-3.50</u>	<u>0</u>	<u>0.00</u>	<u>2,824,300</u>	<u>-3.50</u>
Total	\$5,620,100	-3.50	\$50,400	0.00	\$5,670,500	-3.50

Governor: Provide standard adjustments totaling \$1,397,900 GPR and \$1,441,700 PR and -3.5 PR positions in 2007-08, and \$1,397,900 GPR and \$1,382,600 PR and -3.5 PR positions in 2008-09. Adjustments are for: (a) turnover reduction (-\$214,700 GPR annually); (b) removal of noncontinuing elements from the base (-\$177,300 PR and -3.5 PR positions in 2007-08, and -\$236,400 PR and -3.5 PR positions in 2008-09); (c) full funding of continuing salaries and fringe benefits (\$1,514,700 GPR and \$1,619,000 PR annually); and (d) night and weekend differential (\$97,900 GPR annually).

Joint Finance/Senate/Assembly: Provide an additional \$25,200 GPR annually to the salaries and fringe benefits appropriation for full funding of continuing salaries and fringe benefits.

2. FULL FUNDING FOR MILWAUKEE COUNTY CLERKS

PR	\$26,700
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Governor/Joint Finance/Senate/Assembly: Provide \$8,800 in 2007-08 and \$17,900 in 2008-09 to fully fund the salary and fringe benefits costs of 6.5 clerks in the Milwaukee County District Attorney's Office that provide clerical services to prosecutors handling violent crime and felony drug violation cases in Milwaukee County's speedy drug and violent crime courts and unlawful possession or use of firearms cases. Program revenue funding is generated from the \$3.50 special prosecution clerks surcharge which is only collected in Milwaukee County.

3. MULTIJURISDICTIONAL ENFORCEMENT GROUP ASSISTANT DISTRICT ATTORNEY POSITIONS [LFB Paper 261]

Governor: Direct DOA's Office of Justice Assistance (OJA) to provide federal Byrne funding in each year of the biennium, in an amount to be determined by DOA, to partially support the following multijurisdictional enforcement group (MEG) prosecutor positions: (a) 2.0 prosecutor positions in Milwaukee County; and (b) 0.75 prosecutor position in Dane County. Further, direct the Department of Justice (DOJ) to provide state penalty surcharge funding in each year of the biennium, in an amount to be determined by DOA, to provide the remaining

funding for the identified MEG prosecutor positions in Milwaukee and Dane counties. Finally, direct DOJ to provide state penalty surcharge funding in each year of the biennium, in an amount to be determined by DOA, to fund 1.0 MEG prosecutor position in St. Croix County.

Multijurisdictional enforcement groups are cooperative law enforcement efforts to prosecute criminal violations of Chapter 961 (the Uniform Controlled Substances Act). The funds supporting these positions are provided under the federal Justice Assistance Grant (Byrne) Program and from state penalty surcharge dollars. The penalty surcharge is imposed whenever a court imposes a fine or forfeiture for most violations of state law or municipal or county ordinance. Under current law, the penalty surcharge equals 26% of the total fine or forfeiture.

These positions are currently authorized prosecutor positions. Under 2005 Wisconsin Act 25, similar nonstatutory language provided funding for these positions, but the funding to be provided by OJA and DOJ was specifically identified in the statutory language rather than provided at the discretion of DOA.

Joint Finance/Senate/Assembly: Delete the discretion of DOA to determine the amount of funding to be provided for the MEG prosecutor positions in Dane, Milwaukee, and St. Croix Counties. Instead, specify that the MEG prosecutors be provided the following funding: (a) \$60,000 in 2007-08 and \$65,900 in 2008-09, to fully fund the 0.75 MEG prosecutor in Dane County; and (b) \$143,000 in 2007-08 and \$157,600 in 2008-09 to fully fund the 2.0 MEG prosecutors in Milwaukee County. (DOA would retain the discretion to determine the split in Byrne and penalty surcharge dollars to fund these positions.) As the 1.0 MEG prosecutor in St. Croix County is solely funded from penalty surcharge dollars appropriated to DOJ, direct DOJ to provide \$84,500 PR in 2007-08 and \$94,600 PR in 2008-09, to fully fund this position.

Further, specify that OJA must utilize 44% of the federal fiscal year (FFY) 2007 and 2008 Byrne Justice Assistance Grant awards to support local MEGs. This provision would permit the state to fully fund these MEG prosecutors regardless of the level of federal Byrne funding provided in FFY 2007 and FFY 2008, but still ensure that available Byrne funding be utilized in like proportion as in 2005-07 to support local MEGs.

4. CASE MANAGEMENT FUNDING FOR MILWAUKEE COUNTY [LFB Paper 127]

Governor: Direct the Department of Administration's Office of Justice Assistance to provide \$25,000 GPR in 2007-08 to the Milwaukee County District Attorney's Office to support the development of case management processes. [See "Administration -- Office of Justice Assistance."]

Joint Finance/Senate/Assembly: Delete provision.

EDUCATIONAL COMMUNICATIONS BOARD

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$16,200
PR	<u>133,200</u>
Total	\$117,000

Governor/Joint Finance/Senate/Assembly: Adjust the base budget by -\$8,100 GPR and \$66,600 PR annually for: (a) full funding of continuing salaries and fringe benefits (-\$122,100 GPR and \$37,800 PR annually); (b) reclassification of the electronic technician classification series to improve recruitment for these positions (\$39,700 GPR and \$14,800 PR annually); (c) overtime (\$66,400 GPR and \$11,000 PR annually); and (d) night and weekend pay differentials (\$7,900 GPR and \$3,000 PR annually).

2. REESTIMATE DEBT SERVICE [LFB Paper 175]

GPR	\$520,500
PR	<u>200</u>
Total	\$520,700

Governor/Joint Finance/Senate/Assembly: Reestimate debt service costs by \$212,100 GPR in 2007-08 and \$308,400 GPR and \$200 PR in 2008-09. Annual base level funding is \$2,265,600 GPR and \$13,100 PR.

ELECTIONS BOARD

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 270]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$183,100	0.00	\$9,400	0.00	\$192,500	0.00
FED	<u>-355,900</u>	<u>-5.00</u>	<u>0</u>	<u>0.00</u>	<u>-355,900</u>	<u>-5.00</u>
Total	<u>-\$172,800</u>	<u>-5.00</u>	<u>\$9,400</u>	<u>0.00</u>	<u>-\$163,400</u>	<u>-5.00</u>

Governor: Provide standard adjustments totaling \$90,500 GPR and -\$129,100 FED and -4.0 FED positions in 2007-08, and \$92,600 GPR and -\$226,800 FED and -5.0 FED positions in 2008-09. Adjustments are for: (a) removal of noncontinuing elements from the base (-\$129,100 FED and -4.0 FED positions in 2007-08, and -\$226,800 FED and -5.0 FED positions in 2008-09); (b) full funding of continuing salaries and fringe benefits (\$80,700 GPR annually); and (c) reclassifications (\$9,800 GPR in 2007-08 and \$11,900 GPR in 2008-09).

Joint Finance/Senate/Assembly: Provide an additional \$4,700 GPR annually to the Board's GPR-funded general program operations appropriation for full funding of continuing salaries and fringe benefits.

2. STATEWIDE VOTER REGISTRATION SYSTEM MAINTENANCE AND SUPPORT [LFB Paper 271]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$1,951,900	-\$288,900	\$1,663,000
PR	<u>159,600</u>	<u>0</u>	<u>159,600</u>
Total	<u>\$2,111,500</u>	<u>-\$288,900</u>	<u>\$1,822,600</u>

Governor: Provide \$924,700 GPR and \$79,800 PR in 2007-08 and \$1,027,200 GPR and \$79,800 PR in 2008-09 to provide state funding for annual maintenance and support costs associated with the Department of Administration's Division of Enterprise Technology's (DET) hosting of the Statewide Voter Registration System on DET hardware. Program revenue would be provided from the Board's materials and services PR appropriation.

During 2006-07, DET is charging the Elections Board \$931,500 to provide maintenance and support services associated with hosting the Statewide Voter Registration System. Current costs are being supported with one-time federal funding. Costs are estimated to increase 10% annually. The 2007-08 estimated cost of \$1,024,700 would be covered with: (a) \$924,700 GPR in increased funding; (b) \$79,800 PR in increased funding; and (c) \$20,200 PR in existing

expenditure authority under the Board's materials and services PR appropriation. The 2008-09 estimated cost of \$1,127,200 would be covered with: (a) \$1,027,200 GPR in increased funding; (b) \$79,800 PR in increased expenditure authority; and (c) \$20,200 PR in existing expenditure authority under the Board's materials and services PR appropriation. The materials and services PR appropriation is estimated to generate an additional \$89,800 annually in PR-revenue during the 2007-09 biennium from the sale of data from the Statewide Voter Registration System.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by reducing GPR funding by \$93,200 GPR in 2007-08 and by \$195,700 GPR in 2008-09, to reflect updated information by DET on anticipated charges during 2007-09 to host the Statewide Voter Registration System on DET hardware.

3. FEDERAL ELECTION ADMINISTRATION FUNDING

FED	\$3,000,000
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Governor/Joint Finance/Senate/Assembly: Provide \$1,500,000 annually in increased expenditure authority to pay election administration costs utilizing federal funds provided under the Help America Vote Act. Funds would be utilized to make payments associated with: (a) the Statewide Voter Registration System; (b) state agency interface charges; (c) rent; (d) training; (e) travel; (f) photocopying; (g) postage; (h) printing; and (i) other computer charges.

4. CAMPAIGN FINANCE DATABASE CONVERSION [LFB Paper 271]

Governor: Reserve \$450,000 GPR annually under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Elections Board or Government Accountability Board for conversion of the campaign finance database. The provisions of 2007 Wisconsin Act 1 consolidated the Elections Board and the Ethics Board as a new Government Accountability Board (GAB). Under Act 1, the Elections and Ethics Boards cease to exist on the later of either: (a) September 1, 2007; or (b) the 31st day beginning after the date on which GAB has given final approval to the hiring of individuals to initially fill the positions of Legal Counsel to the Board, Administrator of the Ethics and Accountability Division of GAB, and Administrator of the Elections Division of GAB. [See "Program Supplements."]

Joint Finance/Senate/Assembly: Require the Department of Administration to: (a) assist the Elections Board or GAB in the selection of a vendor to complete the Board's campaign finance database conversion project; and (b) designate a staff person to provide the Elections Board or GAB quality assurance for information technology development work completed in connection with the creation of the Board's campaign finance database.

5. REIMBURSEMENT OF MUNICIPALITIES TO ESTABLISH UNIFORM POLL HOURS [LFB Paper 272]

GPR	\$240,000
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Joint Finance/Senate/Assembly: Reestimate the sum sufficient election-related cost reimbursement appropriation by \$80,000 in 2007-08, and \$160,000 in 2008-09, based on Board

payment experience subsequent to the passage of 2005 Wisconsin Act 333.

Act 333 created this sum sufficient appropriation to provide funding to the Board to permit it to reimburse municipalities for additional costs incurred to adjust polling hours to begin at 7 a.m., at any election held after April 29, 2006. Only municipalities that maintained polling hours beginning later than 7 a.m., prior to April 29, 2006, are eligible to file claims to receive these reimbursements.

6. CREATION OF GOVERNMENT ACCOUNTABILITY BOARD [LFB Paper 360]

Joint Finance/Senate/Assembly: Effectuate the provisions of 2007 Wisconsin Act 1 creating GAB and deleting the Elections and Ethics Boards.

	Funding	Positions
GPR	-\$4,016,700	- 11.00
FED	- 3,053,300	0.00
PR	- 275,000	0.00
SEG	- 1,500,200	0.00
Total	-\$8,845,200	- 11.00

Delete Elections Board Appropriations and Funding. Delete the Elections Board's Chapter 20 appropriations schedule and appropriations on the effective date of the 2007-09 biennial budget act. Delete funding and position authority provided to the Board through Joint Finance action of \$1,967,300 GPR and 11.0 GPR positions, \$1,575,500 FED and 1.0 FED position, \$137,500 PR, and \$750,100 SEG in 2007-08, and \$2,049,400 GPR and 11.0 GPR positions, \$1,477,800 FED, \$137,500 PR, and \$750,100 SEG in 2008-09.

Deposit of Revenues to Government Accountability Board Funds or Appropriations. Provide that the Elections Board (for so long as it remains constituted and vested with authority during 2007-09) must deposit all revenues received into the appropriate GAB fund or appropriation account, consistent with the purposes for which those revenues are directed by law to be deposited to or credited by GAB.

Expenditures from Government Accountability Board Appropriations. Provide that the Elections Board (for so long as it remains constituted and vested with authority during 2007-09) may encumber or expend moneys from any GAB appropriation, consistent with the purposes of that appropriation. Further provide that the Elections Board may not encumber or expend funds in an amount greater than the amount that would have been authorized to the Board during 2007-09, if the passage of SB 40 had been delayed.

7. OVERSIGHT OF ELECTION ADMINISTRATION FUND

Joint Finance/Senate/Assembly: Provide that no later than the 15th day of each month, the Elections Board must (prior to its termination), and thereafter GAB must report to the Co-Chairs of the Joint Committee on Finance concerning expenditures made in the previous month from the Election Administration Fund for the Statewide Voter Registration System for: (a) staffing costs; (b) payments made to outside contractors; and (c) supplies and services costs. Further provide that the report must detail the expenditures made under each of these categories, including an expenditure total for each category. Any Committee member who objects to an expenditure identified in the report must promptly notify the Co-Chairs of the Committee of

the objection. If, upon receiving a monthly report, the Co-Chairs of the Committee do not notify the Executive Director of the Elections Board (prior to its termination), or the Legal Counsel for GAB, that the Committee has scheduled a meeting for the purpose of reviewing these expenditures made by the Board within seven working days after the report was submitted, the Board may continue to make expenditures from the Election Administration Fund. If within seven working days after the Board submits its monthly report, the Co-Chairs of the Committee notify the Executive Director of the Elections Board (prior to its termination), or the Legal Counsel for GAB, that a member of the Committee objects to an expenditure from the Election Administration Fund identified in the monthly report, the Board may not make any additional expenditures from the Election Administration Fund for the Statewide Voter Registration System from the category to which the expenditure relates, except to pay prior legal obligations, until the Committee meets and authorizes additional expenditures to be made for that purpose from the Election Administration Fund. The Co-Chairs of the Committee must call a meeting of the Committee to be held within 90 days of the date that a member notifies the Co-Chairs that the member objects to an expenditure that is identified in a monthly report. Further provide that this oversight provision does not apply after June 30, 2009.

Current Law. The Election Administration Fund is a separate, nonlapsible trust fund consisting of federal Help America Vote Act (HAVA) funding and associated state match funding, as well as interest earned on these funds. The balances in the fund may only be utilized to meet the requirements of HAVA and to address election administration costs as permitted by HAVA. HAVA required the state to develop an official, centralized, computerized Statewide Voter Registration System.

EMPLOYEE TRUST FUNDS

1. STANDARD BUDGET ADJUSTMENTS

SEG	- \$463,000
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Governor/Joint Finance/Senate/Assembly: Provide standard adjustments totaling -\$231,500 annually. Adjustments are for: (a) turnover reduction (-\$293,800 annually); (b) removal of noncontinuing elements from base (-\$300,000 annually); (c) full funding of continuing salaries and fringe benefits (\$239,600 annually); (d) overtime (\$47,200 annually); (e) night and weekend differential (\$74,800 annually); and (f) full funding of lease costs and directed moves (\$700 annually).

2. REENGINEERING INFORMATION TECHNOLOGY SYSTEMS [LFB Paper 280]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$5,697,500	9.00	-\$2,487,900	0.00	\$3,209,600	9.00

Governor: Provide \$4,936,800 in 2007-08 and \$760,700 in 2008-09 and 6.0 two-year project positions and 3.0 permanent positions annually for reengineering certain information technology (IT) systems. Under the bill, the funding is placed in unallotted reserve. The Executive Budget Book indicates that DOA would release the funding and related position authority upon approval of a plan submitted by ETF that specifies the goals and services to be delivered through the reengineering project.

The total funding and positions provided in the bill conform to the agency's budget request for the reengineering project. Under the request, funding and positions would be utilized as follows: (a) \$3,162,700 in 2007-08 and \$375,600 in 2008-09 and 2.0 two-year project positions annually for the evaluation and implementation of an integrated lump-sum payment system; (b) \$1,595,800 in 2007-08 and \$195,300 in 2008-09 and 4.0 two-year project positions annually for the evaluation and planning of an integrated health insurance enrollment, eligibility, and processing system; and (c) \$178,300 in 2007-08 and 189,800 in 2008-09 and 3.0 positions annually for ongoing support for the integrated health insurance enrollment, eligibility, and processing system.

The positions include 4.0 two-year project trust funds personnel positions, 2.0 two-year project accountant positions, and 3.0 permanent information systems development positions. The 6.0 project positions are intended to assist with day-to-day operations so that more experienced ETF personnel can participate in the systems evaluation and planning work being proposed.

Lump-sum payments are one-time payments that are made to certain WRS participants whose accounts are being closed for one of several reasons: (a) to pay a separation benefit when a participant leaves WRS service prior to being eligible for a retirement annuity and chooses to withdraw his or her employee contributions and investment earnings; (b) to pay a retirement benefit to a participant whose benefit is below the statutory threshold for a monthly annuity; or (c) to pay a death benefit when an active, inactive, or annuitant participant dies. Such payments require timely processing. Currently, the Department processes 12,000 to 15,000 lump-sum payments annually using a variety of information systems and paper processes. The funding and positions under the bill would provide resources to evaluate, plan, and implement a single IT system for lump-sum payments that would be integrated into the same technical systems platform utilized by other departmental IT applications.

The Department also administers group health insurance plans for state employees and the employees of local governmental employers enrolled in ETF's Wisconsin Public Employers program. The Department indicates that more than 80,000 employees and 24,000 retirees are currently covered under these health care coverage plans. ETF utilizes two separate systems to administer its health care plan responsibilities: one to manage participant information and one for the collection of premiums from employers. The funding and positions under the bill would provide resources to evaluate system needs and plan for (but not implement) a single IT system for health care administration that would allow integrated management of participant information and employer premium collection, including secure on-line access to health insurance coverage data for employers and carriers. The Department indicates that upon completion of the evaluation and recommendations for a new health care management system, additional resources would be needed to implement the project.

Joint Finance/Senate/Assembly: Modify the Governor's provisions, as follows:

a. Direct ETF to provide to the Joint Committee on Finance, for informational purposes only, copies of any material submitted to DOA relating to a request to release funding from unallotted reserve for reengineering agency information technology systems.

b. Place \$2,487,900 in 2007-08 relating to the implementation of a redesigned lump-sum payment system in the Joint Committee on Finance appropriation for segregated funds general program supplementation. Require ETF to submit a final report to the Committee on its plan for implementing the redesigned lump-sum payment system. Require that the report specify how the implementation plan for the system would conform to the DOA planning and monitoring standards to be submitted to the Joint Legislative Audit Committee by October 1, 2007, in response to the LAB IT review. The release of funding for the implementation of the project would be approved under a 14-day passive process. Under this provision, \$674,800 in 2007-08 would remain in ETF's unallotted reserve, for release by DOA, for planning purposes and project position costs.

c. Require ETF to submit a final report to the Committee on its plan for implementing an integrated health insurance enrollment, eligibility, and processing system. Require that the report specify: (a) the cost projections for each fiscal year in which implementation work is to be

performed, including potential 2009-11 costs; (b) how the implementation plan for the system would conform to the DOA planning and monitoring standards to be submitted to the Joint Legislative Audit Committee by October 1, 2007, in response to the LAB IT review; and (c) how the Department's internal resources will be utilized in the implementation work of the integrated health insurance enrollment, eligibility, and processing system and the implementation work associated with the of the lump-sum payment system to assure the timely and successful completion of both projects.

3. CUSTOMER SERVICE FUNCTIONS [LFB Paper 281]

	<u>Governor</u>		<u>Jt. Finance</u>		<u>Net Change</u>	
	<u>(Chg. to Base)</u>		<u>(Chg. to Gov)</u>			
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$2,682,200	9.50	\$2,571,300	5.00	\$5,253,500	14.50

Governor: Provide \$1,351,000 and 4.0 positions in 2007-08 and \$1,331,200 and 9.5 positions in 2008-09 for customer service functions. In 2008-09, \$339,500 of the funding is placed in unallotted reserve. The Executive Budget Book indicates that DOA would release the funding and related position authority upon approval of a detailed project implementation plan to be submitted by ETF. Under the bill, 4.0 permanent positions would be authorized in each year and 5.5 four-year project positions would be authorized in 2008-09.

The funding and positions would be allocated for the following purposes: (a) \$439,200 in 2007-08 and \$92,000 in 2008-09 for automated operating system costs; (b) \$19,800 in 2007-08 and -\$23,100 in 2008-09 for health insurance data collection and analysis contracts; (c) \$203,200 and 4.0 positions in 2007-08 and \$549,000 and 9.5 positions in 2008-09 for general program operations; and (d) \$688,800 in 2007-08 and \$713,300 in 2008-09 for other information technology costs.

ETF administers the Wisconsin Retirement System (WRS), which covers all state employees and most local governmental employees except for employees of the City and County of Milwaukee. The staffing increase is intended to address backlogs and improve response times for participant requests relating to their retirement and the transition of such individuals to retirement annuities and other post-retirement benefit programs for health insurance, the accumulated sick leave credit conversion program, life insurance, vision care, and long-term care insurance. These requests are expected to increase during the 2007-09 biennium and beyond due to the aging of the WRS workforce. The 9.5 positions provided under the bill include: (a) 7.5 trust funds specialists (4.0 permanent and 3.5 project positions); (b) 1.0 office assistant project position; and (c) 1.0 accounting project position.

Joint Finance/Senate/Assembly: Provide \$545,900 in 2007-08 and \$209,200 in 2008-09 and 5.0 positions annually for customer service functions. Provide that the 5.5 FTE project positions provided under the bill would begin in 2007-08 instead of 2008-09 and would be made permanent positions. Under the provision, 14.5 permanent positions would be authorized

annually. The unallotted reserve amount under the bill (\$339,500 in 2008-09) would instead be budgeted for salary, fringe benefit, and supplies and services.

In addition, provide \$793,000 in 2007-08 and \$821,200 in 2008-09 for general program operations inflationary increases for supplies and services, which were intended to be approved, but were inadvertently deleted from the bill. Finally, provide \$77,800 in 2007-08 and \$124,200 in 2008-09 to the appropriation for health insurance data collection and analysis contracts to restore an unintended budget reduction.

4. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE [LFB Paper 283]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	-\$768,000	-\$27,700	-\$795,700

Governor: Delete \$267,100 in 2007-08 and \$500,900 in 2008-09 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is \$1,582,400.

Joint Finance/Senate/Assembly: Delete \$14,900 in 2007-08 and \$12,800 in 2008-09 to reflect a revised sum sufficient estimate based on the latest available projection of the supplements to be paid during the 2007-09 biennium. The revised estimate represents a base level reduction of \$282,000 in 2007-08 and \$513,700 in 2008-09.

5. OMBUDSPERSON SERVICES

	Funding	Positions
SEG	\$122,700	1.00

Governor/Joint Finance/Senate/Assembly: Provide \$59,400 in 2007-08 and \$63,300 in 2008-09 and 1.0 position annually for additional ombudsperson services to: (a) address health plan and benefits complaints; (b) conduct consumer outreach and education; and (c) conduct other quality assurance initiatives. The Department currently has two ombudspersons utilized entirely for processing health plan and benefits complaints. The additional position provided under the bill would assist with the complaint workload and expand the Department's current ability to conduct outreach and education or other quality assurance initiatives.

6. PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM

	Funding	Positions
GPR	-\$400	- 3.50

Governor/Joint Finance/Senate/Assembly: Provide \$190,700 annually to fully fund 3.5

positions under standard budget adjustments and delete \$190,900 annually and 3.5 positions under a separate decision item to delete all funding and position authority for the private employer health care coverage program (PEHCCP). In the 2005-07 biennium, base level funding and staffing for the PEHCCP was limited to \$200 GPR annually and the 3.5 GPR unfunded positions.

Under 1999 Wisconsin Act 9, the Department was directed to design an actuarially-sound health care coverage program for small employers and to seek a plan administrator so the plan could be operational by January 1, 2001. The Department was unable to secure bids for a program administrator and subsequently sought a series of statutory changes during the 2001-03 biennium to make the program more attractive to potential plan administrators. While some modifications were enacted, the PEHCCP Board did not believe they were sufficient to result in a successful program, and no additional proposal was circulated for a plan administrator. Under current law, the statutory provisions relating to PEHCCP will be repealed on January 10, 2010.

EMPLOYMENT RELATIONS COMMISSION

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide standard budget adjustments of \$147,500 GPR and \$5,100 PR annually for full funding of salaries and fringe benefits.

GPR	\$295,000
PR	10,200
Total	\$305,200

2. LEGAL SUPPORT STAFFING [LFB Paper 290]

Governor/Joint Finance/Senate/Assembly: Provide \$39,900 PR in 2008-09 in unallotted reserve to address attorney staffing needs during periods of employee turnover expected to occur due to anticipated retirements. In addition, provide a 0.5 GPR FTE confidential legal support staff position annually. The position would be funded through the reallocation of base funding for supplies and services (\$11,800 GPR in 2007-08 and \$16,200 GPR in 2008-09).

	Funding	Positions
GPR	\$0	0.50
PR	39,900	0.00
Total	\$39,900	0.50

3. INCREASED COMMISSION ATTORNEY STAFFING

	Governor (Chg. to Base)		Jt Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$232,800	2.00	-\$232,800	-2.00	\$0	0.00

Governor: Provide \$232,800 and 2.0 attorney positions in 2008-09 for increased staffing at the Commission. According to the Executive Budget Book, the funding and positions are associated with the Governor's recommendation to repeal current statutory provisions relating to the qualified economic offer.

Joint Finance/Senate/Assembly: Delete item in conjunction with the removal of provisions related to the repeal of the qualified economic offer. The repeal of the qualified economic offer is to be drafted as separate legislation. [See non-fiscal policy items.]

ENVIRONMENTAL IMPROVEMENT FUND

1. GENERAL AND REVENUE OBLIGATION BONDING AUTHORITY [LFB Paper 295]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	\$423,735,00	\$10,400,000	\$434,135,000

Governor: Provide an increase in bonding authority of \$423,735,000 for the environmental improvement fund, as shown in the following table. This includes \$55,590,000 in general obligation and \$368,145,000 in revenue obligation bonding authority. Revenue obligations are issued to provide financial assistance for municipal wastewater facility projects in the clean water fund program. State revenue bonds are retired primarily through repayments of program loans and issuance of general obligation bonds to pay for the state subsidy costs of low-interest loans in the clean water fund program. General obligation bonds are also issued to pay for the 20% state match to the federal capitalization grants for the clean water fund program and the safe drinking water loan program.

Environmental Improvement Fund (EIF) Bonding Authority

	<u>Current</u>	<u>Bill</u>	<u>Total</u>
Clean water fund -- general obligation	\$637,743,200	\$49,500,000	\$687,243,200
Clean water fund -- revenue obligation	1,615,955,000	368,145,000	1,984,100,000
Safe drinking water -- general obligation	<u>32,310,000</u>	<u>6,090,000</u>	<u>38,400,000</u>
Total	\$2,286,008,200	\$423,735,000	\$2,709,743,200

The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties.

Joint Finance/Senate/Assembly: Approve the Governor's recommendation, plus provide an additional \$10,400,000 in clean water fund program general obligation bonding authority (a total increase of \$59,900,000 for the clean water fund program). The bonding authority increase reflects restoring the current law interest rate subsidy level and assuming a market interest rate of 5% instead of 6% under the Governor's recommendation.

2. PRESENT VALUE SUBSIDY LIMIT [LFB Paper 295]

Governor: Provide a "present value subsidy limit" totaling \$119.2 million for the environmental improvement fund as shown in the table. The subsidy limit represents the estimated state cost, in 2007 dollars, to provide 20 years of subsidy for the projects that would be funded in the 2007-09 biennium.

Joint Finance/Senate/Assembly: Provide a present value subsidy limit totaling \$130.8 million as shown in the table.

EIF Present Value Subsidy Limit

	2005-07 <u>Authorized</u>	2007-09 <u>Governor</u>	2007-09 <u>Jt. Finance</u>
Clean water fund program	\$109,600,000	\$99,100,000	\$114,700,000
Safe drinking water loan program	12,800,000	16,700,000	13,400,000
Land recycling loan program	<u>2,700,000</u>	<u>3,400,000</u>	<u>2,700,000</u>
Total	\$125,100,000	\$119,200,000	\$130,800,000

3. ENVIRONMENTAL IMPROVEMENT FUND DEBT SERVICE [LFB Paper 175]

GPR	\$2,490,900
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Governor/Joint Finance/Senate/Assembly: Provide a decrease of \$1,153,400 in 2007-08 and an increase of \$3,644,300 in 2008-09 for estimated debt service costs for general obligation bonds. This would include: (a) a decrease of \$1,211,100 in 2007-08 and an increase of \$3,337,400 in 2008-09 for clean water fund program debt service; and (b) \$57,700 in 2007-08 and \$306,900 in 2008-09 for safe drinking water loan program debt service.

GPR debt service payments from 2005-06 through 2008-09 are shown in the following table. An additional \$6.0 million in general obligation bond debt service is paid in each year by loan repayments received from municipalities from loans that were originally provided from the proceeds of general obligation bonds. The land recycling loan program is funded through loan repayments of clean water fund loans made with the proceeds of federal grants to the clean water fund and does not have a separate debt service cost.

Environmental Improvement Fund General Fund Debt Service Expenditures

	Clean Water <u>Fund Program</u>	Safe Drinking Water <u>Loan Program</u>	<u>Total</u>
2005-06 Actual	\$36,248,800	\$1,989,700	\$38,238,500
2006-07 Base Budget	43,338,100	2,708,100	46,046,200
2007-08 Governor/Jt. Finance	42,127,000	2,765,800	44,892,800
2008-09 Governor/Jt. Finance	46,675,500	3,015,000	46,690,500

4. CLEAN WATER FUND INTEREST RATE SUBSIDY [LFB Paper 295]

Governor: Reduce the subsidy for most clean water fund program projects to provide an interest rate of 70% of the market rate instead of the current 55% of market rate. The project types that would receive the reduced state subsidy include: (a) compliance maintenance projects, which are projects to prevent a significant violation of an effluent limitation by a municipal sewage treatment facility; and (b) new or changed limits projects, which are projects to achieve compliance with an effluent limitation established after May 17, 1988, if the project is for a municipality that is not a violator of the specific limit that is changing. The current market interest rate is 4.5%, with loans for 55% of the market rate currently provided at 2.475%, and loans for 70% of market currently provided at 3.15%.

Based on the October, 2006, biennial finance plan submitted by DNR and DOA (which reflected program costs based on the current 55% of market interest rate), the reduction in the state subsidy would reflect a reduction of \$36.2 million in the need for general obligation bonding authority, and a reduction of \$44 million in the need for present value subsidy limit. While the state's costs of providing 20 years of subsidy for projects funded in the 2007-09 biennium would be expected to decrease by approximately \$44 million, costs to municipal borrowers would increase by the same amount.

The bill would not affect the current subsidized interest rate for the following types of projects: (a) 70% of market rate for projects to provide treatment facilities and sewers for unsewered areas, if two-thirds of the initial flow is from wastewater from residences that were in existence prior to October 17, 1972; (b) 65% of market rate for projects to abate nonpoint source pollution and to control urban stormwater runoff; and (c) hardship financial assistance interest rates as low as 0% and grants for up to 70% of project costs, for projects where the municipality's median household income is 80% or less of the statewide median household income and the estimated annual residential wastewater treatment charges would exceed 2% of the median household income in the municipality.

Joint Finance/Senate/Assembly: Delete provision. (General obligation bonding authority and present value subsidy limit are adjusted accordingly to reflect maintaining the higher subsidy level.)

5. GRANT FOR CHELSEA SANITARY DISTRICT

Joint Finance/Senate/Assembly: Provide the Chelsea Sanitary District in Taylor County with a one-time exemption from financial hardship program eligibility and application deadline requirements under the clean water fund program. Place the Chelsea Sanitary District at the top of the hardship priority ranking list for 2007-08, before any other projects are funded. Finally, provide the Chelsea Sanitary District with a grant of up to \$80,000 in 2007-08 to be used for sanitary system improvements. (The project would not be subject to the following current requirements for a project receiving hardship assistance: (a) the median household income of the municipality must be 80% or less of the median household income of the state; (b) the

estimated total annual residential wastewater user charges would exceed 2% of the median household income without the financial assistance; and (c) the municipality is to pay at least 30% of the costs through a loan with an interest rate of as low as 0%.)

ETHICS BOARD

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide standard adjustments to the base budget totaling \$12,300 GPR and \$16,700 PR annually for full funding of continuing salaries and fringe benefits.

GPR	\$24,600
PR	33,400
Total	\$58,000

2. PROCUREMENT ACTIVITY WEBSITE [LFB Paper 300]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$40,000	-\$17,400	\$22,600

Governor: Provide \$20,000 annually for maintenance costs and upgrades to the Board's procurement activity website. The provisions of 2005 Wisconsin Act 410 required the Board to develop and maintain this website.

Act 410 generally requires each state agency to provide specified information for posting on the Board's website regarding each solicitation for bids or competitive sealed proposals, and each proposed order or contract of the agency for which bids or competitive sealed proposals will not be solicited, that qualifies as a "major expenditure." This reporting and posting requirement also applies to an original order or contract that does not initially qualify as a "major expenditure," but subsequently qualifies as a "major expenditure" following a contract change order. A "major expenditure" means an expenditure of \$10,000 or more, or, when considering ongoing purchases, expenditures that total \$10,000 or more over the course of the state biennium.

At the December 14, 2006, meeting of the Joint Committee on Finance under s. 13.10 of the statutes, the Committee provided \$30,000 GPR in 2006-07 to permit the Board to retain an information technology vendor to enhance the functionality of the Board's procurement activity website.

Joint Finance/Senate/Assembly: Reduce funding for maintenance costs and upgrades to the Board's procurement activity website by \$8,700 annually, to reflect recent Board history with comparable costs for its "Eye on Lobbying" website.

3. CREATION OF GOVERNMENT ACCOUNTABILITY BOARD [LFB Paper 360]

	Funding	Positions
GPR	- \$619,200	- 2.30
PR	- 852,400	- 3.45
Total	- \$1,471,600	- 5.75

Joint Finance/Senate/Assembly: Effectuate the provisions of 2007 Wisconsin Act 1 creating the Government Accountability Board (GAB) and deleting the Elections and Ethics Boards.

Delete Ethics Board Appropriations and Funding. Delete the Ethics Board's Chapter 20 appropriations schedule and appropriations on the effective date of the 2007-09 biennial budget act. Delete funding and position authority provided to the Board through Joint Finance action of \$309,600 GPR and 2.3 GPR positions, and \$426,200 PR and 3.45 PR positions annually.

Deposit of Revenues to Government Accountability Board Funds or Appropriations. Provide that the Ethics Board (for so long as it remains constituted and vested with authority during 2007-09) must deposit all revenues received into the appropriate GAB fund or appropriation account, consistent with the purposes for which those revenues are directed by law to be deposited to or credited by GAB.

Expenditures from Government Accountability Board Appropriations. Provide that the Ethics Board (for so long as it remains constituted and vested with authority during 2007-09) may encumber or expend moneys from any GAB appropriation, consistent with the purposes of that appropriation. Further, provide that the Ethics Board may not encumber or expend funds in an amount greater than the amount that would have been authorized to the Board during 2007-09, if the passage of SB 40 had been delayed.

FINANCIAL INSTITUTIONS

1. STANDARD BUDGET ADJUSTMENTS

PR	\$539,200
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Governor/Joint Finance/Senate/Assembly: Adjust the agency's base budget for: (a) full funding of salaries and fringe benefits (\$436,900 annually); (b) reclassifications (\$16,200 in 2007-08 and \$28,600 in 2008-09); (c) full funding of lease costs (\$4,400 annually); and (d) turnover reduction (-\$194,100 annually).

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

1. APPROPRIATION TECHNICAL CORRECTION

Governor/Joint Finance/Senate/Assembly: Provide for a technical correction that clarifies the Fox River Navigational System Authority's program revenue appropriation is a PR appropriation, rather than a conservation fund SEG appropriation. 2005 Act 25 specifies that if the State Building Commission determines land transferred to the state from the federal government along with the Fox River locks is not needed for navigational purposes, the proceeds of any sale of this property be deposited to a PR continuing appropriation for the administration, operation, repair and rehabilitation of the locks.

GENERAL FUND TAXES

Individual and Corporate Income Tax

1. INCOME TAX DEDUCTION FOR HEALTH INSURANCE PREMIUMS [LFB Paper 315]

GPR-REV	-\$11,800,000
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Governor: Provide an individual income tax deduction for health insurance premiums paid by employees who pay part of such premiums. Provide that the deduction would be phased in over a four-year period, starting in tax year 2008.

Current Income Tax Provisions Related To Health Insurance Premiums

There are a number of provisions under current law that provide income tax exclusions and deductions related to health insurance premiums. Under current federal law, to which Wisconsin conforms, employers may offer fringe benefits in the form of cafeteria plans, which allow employees to choose between receiving cash (or other taxable benefits) or certain qualified benefits (including health benefits) for which the law provides an exclusion from wages for income tax purposes. Therefore, under a cafeteria plan, employees may select to have their share of employment-based medical care insurance paid with pre-tax dollars, thereby reducing the employee's taxable wages by the amount paid for the medical care insurance.

Current state law also provides deductions for 100% of long-term care insurance premiums and for medical care insurance paid for by self-employed individuals that do not exceed net earnings from a trade or business that is taxable by this state. Wisconsin also provides a deduction related to premiums paid by an employee whose employer did not contribute anything toward the cost of the medical care insurance. In such cases, prior to tax year 2006, Wisconsin law permitted a deduction of 50% of the premiums paid by the employee. Effective with tax year 2006, as provided under 2005 Act 25, an employee whose employer did not contribute anything toward the cost of the medical care insurance may deduct 100% of the premiums paid by the employee. For purposes of these deductions, "medical care insurance" means a medical care insurance policy that covers a taxpayer, the taxpayer's spouse, and the taxpayer's dependents and provides surgical, medical, hospital, major medical, or other health service coverage.

In addition to the deductions described above, Act 25 created a deduction for medical care insurance premiums paid by an individual with no employer and no self-employment income, to be phased in over a three-year period beginning in tax year 2007 as follows: (a) 33.4% of the cost of such premiums are deductible in tax year 2007; (b) 66.7% will be deductible in tax year 2008; and (c) 100% of such premiums will be deductible in tax years 2009 and thereafter.

For non- and part-year residents, the current law deductions for medical care insurance premiums of employees and unemployed individuals must be pro-rated based on the share of total income that is taxable to Wisconsin. For self-employed individuals who are non- or part-year residents, the medical insurance premium deduction must be pro-rated based on the individual's share of income earned from a trade or business taxable to Wisconsin.

Finally, certain medical care insurance premiums are also eligible to be included in the calculation of the state's itemized deduction credit. The itemized deduction credit is equal to 5% of the excess of allowable itemized deductions over the sliding scale standard deduction. Medical expenses that conform to those permitted as federal itemized deductions, which include medical expenses exceeding 7.5% of federal adjusted gross income (AGI), are generally allowable for calculating the state itemized deduction credit. However, medical care insurance premiums that are subtracted from Wisconsin income (under one of the income tax deductions described above) are disallowed for purposes of the state's itemized deduction credit.

Proposal

Under the bill, an additional deduction would be provided for medical care insurance premiums paid by an employee whose employer pays for some portion of the employee's health insurance costs. The proposed deduction would use the same definitions and general parameters as those in effect for the current law deductions. As with the current law deductions for employees and unemployed individuals, a non- or part-year resident would have to pro-rate the proposed deduction for medical care insurance premiums based on the individual's share of total income that is taxable to Wisconsin.

The proposal would specifically benefit employees whose payments for medical care insurance are not made with pre-tax dollars (which would be the case when the payments are not being made under a cafeteria plan). Under the bill, the additional deduction would be phased in over a four-year period. For tax year 2008, 10% of the portion of medical care insurance premiums paid by an employee (whose employer pays for some portion of the employee's health insurance costs) would be deductible. The percentage would increase to 25% for tax year 2009, 45% for tax year 2010, and to 100% for tax year 2011 and thereafter.

The administration estimates that the proposal would reduce state tax revenues from the individual income tax by the following amounts: (a) \$11,800,000 in 2008-09 (representing the total fiscal effect of the proposal in the 2007-09 biennium); (b) \$31,900,000 in 2009-10; (c) \$62,000,000 in 2010-11; and (d) \$149,000,000 in 2011-12 and annually thereafter.

Joint Finance/Senate/Assembly: Approve the Governor's proposal with a modification to specify that medical care insurance premiums that are subtracted from Wisconsin income under the proposal would be disallowed for purposes of the state's itemized deduction credit.

2. INCOME TAX DEDUCTION FOR CERTAIN CHILD AND DEPENDENT CARE EXPENSES [LFB Paper 317]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-REV	-\$3,900,000	-\$1,700,000	-\$5,600,000

Governor: Provide a deduction from the individual income tax for certain expenses related to child and dependent care that may be claimed under the federal credit for child or dependent care expenses. The deduction would be phased in over a four-year period, starting in tax year 2008.

Current federal law provides an individual income tax credit for child and dependent care expenses that are paid for the purpose of enabling a taxpayer to be gainfully employed. The maximum amount of expenses that can be claimed for the federal credit is \$3,000 if the claimant has one qualifying child or dependent and \$6,000 if the claimant has more than one qualifying child and/or dependent. The credit is calculated as a percentage of eligible expenses, with the percentage ranging from 35% to 20%, depending on the claimant's adjusted gross income.

Eligible claims for the federal credit must satisfy a number of tests, including a qualifying person test. Under the federal provisions, a qualifying person includes: (a) the claimant's qualifying child (which means that the child must have lived with the claimant for more than half the year, among other requirements) who is the claimant's dependent and who was under the age of 13 when the care was provided; (b) the claimant's spouse who was physically or mentally not able to care for himself or herself and lived with the claimant for more than half the year; and (c) a person who was physically or mentally not able to care for himself or herself, lived with the claimant for more than half the year, and, with certain exceptions, was the claimant's dependent.

The following federal tests must also be met to claim the child and dependent care credit: (a) with an exception related to being a student, the individual claiming the credit (and the individual's spouse, if married) must have earned income during the year; (b) the child and dependent care expenses must be being paid so that the individual claiming the credit (and the individual's spouse, if married) can work or look for work; (c) the payments for the child and dependent care must be made to someone who can not be claimed as a dependent of the individual claiming the credit or the individual's spouse; (d) with an exception described below, the claimant's filing status must be single, head of household, qualifying widow(er) with dependent child, or married filing jointly; and (e) the care provider must be identified on the claimant's tax return. In addition, if a claimant excludes or deducts dependent care benefits provided by a dependent care benefit plan, the total amount excluded or deducted under such a plan must be less than the dollar limit for qualifying expenses under the credit.

The bill would provide an individual income tax deduction for employment-related expenses claimed by a claimant for purposes of the federal child and dependent care credit as

follows: (a) for tax year 2008, up to \$750 for one qualified individual and up to \$1,500 for more than one qualified individual; (b) for tax year 2009, up to \$1,500 for one qualified individual and up to \$3,000 for more than one qualified individual; (c) for tax year 2010, up to \$2,250 for one qualified individual and up to \$4,500 for more than one qualified individual; and (d) for tax years 2011 and thereafter, up to \$3,000 for one qualified individual and up to \$6,000 for more than one qualified individual. The deduction would have to be claimed for the same taxable year as the year to which the claim for the federal credit relates.

For nonresidents and part-year residents, the deduction would have to be pro-rated based on the share of a claimant's total income that is taxable to Wisconsin. As under federal provisions for the child and dependent care credit, with certain exceptions for married taxpayers who have not shared the same household for the last six months of the taxable year, the bill would require married taxpayers to file a joint tax return to claim the deduction.

The administration has estimated that the proposed deduction would reduce individual income tax revenues as follows: (a) \$3,900,000 in 2008-09; (b) \$7,800,000 in 2009-10; (c) \$11,800,000 in 2010-11; and (d) \$15,900,000 in 2011-12 and thereafter.

Joint Finance/Senate/Assembly: Approve the Governor's proposal. However, reestimate the fiscal effect in 2008-09 as a reduction in individual income tax revenues of \$5,600,000. Compared to the bill, reduce estimated individual income tax revenues by \$1,700,000. Compared to the Governor's proposal, the reestimated fiscal effects would also reduce general fund tax revenues by an additional \$2,300,000 in 2009-10 and \$1,700,000 in 2010-11.

3. INDIVIDUAL INCOME TAX RELATING TO NONRESIDENTS AND COVENANTS NOT TO COMPETE

Governor/Joint Finance/Senate/Assembly: Provide that amounts received by a nonresident of this state under a covenant not to compete are taxable by the state to the extent that the covenant was based on a Wisconsin-based activity.

Current state law generally imposes the state's individual income tax with respect to nonresidents upon income derived from property located or business transacted within the state and income derived from the performance of personal services within the state. Currently, income received by a nonresident as a result of a covenant not to compete is not considered to be subject to Wisconsin's income tax, even if such income is related to a Wisconsin-based activity. However, such income would be subject to the state's individual income tax if received by a Wisconsin resident. The bill would modify current law to provide that income derived by a nonresident individual from a covenant not to compete is taxable by this state to the extent that the covenant was based on a Wisconsin-based activity. This provision would first apply to taxable years beginning on or after January 1, 2007. The administration has estimated that the fiscal effect would be a minimal increase in state individual income tax revenues.

4. LIMIT CERTAIN DEDUCTIONS FOR NONRESIDENTS

Governor/Joint Finance/Senate/Assembly: Require non- and part-year residents to add back to federal adjusted gross income, for purposes of calculating Wisconsin AGI, certain items that are deductible under federal law and related to income that is not taxable by the state.

Current federal law provides two deductions that, as a result of state conformance with such deductions, may result in non- and part-year residents receiving unintended state tax deductions. The first of the federal deductions is the domestic production activities deduction, which is equal to a specified percentage of the lesser of the taxpayer's "qualified production activities income" and taxable income (or AGI, depending on the claimant). "Qualified production activities income" is generally equal to domestic production gross receipts reduced by the costs of goods sold and other allocable expenses. The deduction is 6% for tax years 2007 through 2009 and 9% for subsequent years. The second federal deduction is for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any action involving a claim of unlawful discrimination, a claim against the United States government, or certain claims under the Social Security Act, but only up to the amount included in gross income for such a claim.

As a result of the state's conformance with these federal provisions, a non- or part-year resident may currently apply a share of the deductions when arriving at Wisconsin AGI, even though the related income may not be taxable by the state. The bill would require non- and part-year residents to add back to federal AGI, for purposes of calculating Wisconsin AGI, any amounts deducted under the two federal provisions associated with income not taxable by Wisconsin.

The provisions would first apply to taxable years beginning on January 1 of the year in which the budget bill takes effect, except that if the bill's effective date is after July 31, the provisions would first apply to taxable years beginning on January 1 of the following year. The administration has estimated that the provisions would result in a minimal increase in state individual income tax revenues.

5. INCOME TAX WITHHOLDING FOR NONRESIDENT MEMBERS OF PASS-THROUGH ENTITIES [LFB Paper 318]

Governor: Modify the pass-through entity withholding requirements enacted under 2005 Act 25 to make certain clarifications and technical corrections and to provide an additional exemption from the requirements.

As provided under Act 25, pass-through entities [including partnerships, limited liability companies (LLCs), tax-option corporations (S Corporations), and estates or trusts treated as pass-through entities for federal income tax purposes] are generally required to withhold income or franchise tax on behalf of their nonresident shareholders, partners, members, or beneficiaries (referred to below as "nonresidents"). However, withholding is not required if the nonresident is exempt from income taxation or is a joint venture not treated as a partnership

under federal law. Current law also provides an exemption from the withholding requirement for a nonresident who has no other source of Wisconsin income and whose share of income from the pass-through entity is less than \$1,000. The bill would eliminate the requirement under this exemption that the nonresident have no other source of Wisconsin income, as the pass-through entity would not necessarily know whether the nonresident had another source of Wisconsin income. The bill would also provide a new exemption for a nonresident who presents an affidavit, in the form and manner prescribed by the Department of Revenue (DOR), whereby the nonresident agrees to be subject to the personal jurisdiction of the Department, the Tax Appeals Commission, and the courts of Wisconsin for the purpose of determining and collecting Wisconsin income and franchise taxes, estimated payments, and any related interest and penalties.

The bill would also make a number of technical corrections to the pass-through withholding requirements and would clarify certain current provisions related to interest and penalties.

The administration estimates that these provisions, which would apply retroactively to taxable years beginning on or after January 1, 2006, would have a minimal fiscal effect.

Joint Finance/Senate/Assembly: Approve the Governor's proposal with a modification to clarify the dollar amount to which late payment interest would apply in the following situations: (a) a pass-through entity files a late pass-through withholding return; and (b) a pass-through entity fails to file a pass-through withholding return, but the nonresident owner files a return and pays the tax due.

6. MINNESOTA-WISCONSIN INCOME TAX RECIPROCITY

GPR	\$20,003,800
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Governor/Joint Finance/Senate/Assembly: Provide increases of \$7,259,500 in 2007-08 and \$12,744,300 in 2008-09 to reflect estimated expenditures under the Minnesota-Wisconsin individual income tax reciprocity agreement. Total funding would be \$68,559,500 in 2007-08 and \$74,044,300 in 2008-09. The most recent payment to Minnesota was \$63,481,000, which was made in December, 2006, for tax year 2005.

7. ILLINOIS-WISCONSIN INCOME TAX RECIPROCITY

GPR	\$9,015,000
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Governor/Joint Finance/Senate/Assembly: Provide increases of \$3,208,700 in 2007-08 and \$5,806,300 in 2008-09 to reflect the anticipated payments to Illinois under the Illinois-Wisconsin individual income tax reciprocity agreement. Total funding would be \$37,108,700 in 2007-08 and \$39,706,300 in 2008-09. The most recent payment to Illinois, which was made in December 2006, for tax year 2005, was \$34,681,000.

8. INTEREST ON TAX OVERPAYMENTS

GPR	\$2,500,000
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Governor/Joint Finance/Senate/Assembly: Increase the sum-sufficient appropriation for interest on tax overpayments by \$2,250,000 in 2007-08 and by \$250,000 in 2008-09. Total funding would be \$4,500,000 in 2007-08 and \$2,500,000 in 2008-09.

9. ENTERPRISE ZONES JOBS TAX CREDIT -- SUM SUFFICIENT ESTIMATE

GPR	\$8,125,000
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Governor/Joint Finance/Senate/Assembly: Provide \$1,625,000 in 2007-08 and \$6,500,000 in 2008-09 for the sum sufficient appropriation for the individual income and corporate income and franchise taxes enterprise zones jobs tax credit to reflect refundable tax credit claims. The enterprise zone jobs tax credit can first be claimed for tax years beginning on or after July 1, 2007.

10. FILM PRODUCTION SERVICES TAX CREDIT -- SUM SUFFICIENT ESTIMATE

GPR	\$1,000,000
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Governor/Joint Finance/Senate/Assembly: Provide \$250,000 in 2007-08 and \$750,000 in 2008-09 for the sum sufficient appropriation for the film production services individual income and corporate income and franchise tax credit to reflect estimates of refundable tax credit claims. The film production services tax credit can first be claimed for tax years beginning after December 31, 2007.

11. FILM PRODUCTION SERVICES AND PRODUCTION COMPANY INVESTMENT TAX CREDITS TECHNICAL MODIFICATIONS

Governor/Joint Finance/Senate/Assembly: Make the following modifications to statutory provisions governing the film production services and film production company investment tax credits under the individual income and corporate income and franchise taxes:

a. Specify that, for corporations and insurance companies, in the order of claiming tax credits, that the nonrefundable components of the film production services tax credit be included with other nonrefundable tax credits, and the refundable component be included with other refundable tax credits. This would conform treatment of the nonrefundable and refundable components of the film production services tax credit with the treatment of other nonrefundable and refundable tax credits, and to the treatment of the film production services tax credit under the individual income tax.

b. Specify that, for the purposes of claiming the film production company investment tax credit, previously owned property includes real property for which the claimant may not deduct a loss from the sale of property to, or an exchange of property with, a related person as defined under the Internal Revenue Code, except that the claimant's ownership of any part of

the property would apply rather than the federal 50% ownership requirement. This is intended to preclude reorganizing in order to claim the tax credit.

c. Provide that the film production company investment tax credit be based on eligible expenses incurred and (rather than or) for projects placed in service after the effective date of the tax credit (tax years beginning after December 31, 2007). This would clarify that the credit must be for eligible expenditures made after the effective date of the tax credit.

These provisions are estimated to have a minimal fiscal effect.

Provisions of 2005 Wisconsin Act 483 created both a film production services tax credit and a film production investment tax credit under the state individual and corporate income and franchise taxes, for tax years beginning after December 31, 2007.

Film Production Services Tax Credit. An eligible taxpayer can claim as a credit against the individual and corporate income and franchise taxes any of the following:

a. An amount equal to 25% of the salary or wages paid by the claimant to the claimant's employees, up to a maximum credit of \$25,000 per employee, for services rendered in the state to produce an accredited production and paid to employees who were residents of the state at the time they were paid. The salary or wages have to be paid for services rendered after December 31, 2007, and directly incurred to produce the accredited production. The tax credit cannot be claimed for the salaries or wages of the two highest paid employees. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

b. An amount equal to 25% of production expenses paid by the claimant to produce an accredited production. If the amount of tax credit exceeds the taxpayer's income or franchise tax liability, the amount of credit not used to offset the tax due is certified by the Department of Revenue and refunded to the claimant by check, share draft, or other draft.

c. An amount equal to the sales and use taxes paid by the claimant on the purchase of tangible personal property and taxable services that are used directly in producing an accredited production in the state, including all stages of production, from the final script stage to the distribution of the finished production. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

Film Production Company Investment Tax Credit. An eligible claimant can claim as a credit against individual and corporate income and franchise taxes, for the first three tax years that the claimant does business in the state as a film production company, an amount that equals 15% of the following that the claimant paid in the tax year to establish a film production company in Wisconsin:

a. The purchase price of depreciable, tangible personal property. The claimant must purchase the tangible personal property after December 31, 2007, and at least 50% of the property's use must be in the claimant's business as a film production company. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

b. The amount expended to acquire, construct, rehabilitate, remodel, or repair real property. A claimant can claim the credit if the claimant began the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work, after December 31, 2007, or if the completed project is placed in service after December 31, 2007. A claimant can also claim the credit for an amount expended to acquire real property, if the property is not previously owned property, and if the claimant acquires the property after December 31, 2007, or if the completed project is placed in service after December 31, 2007. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

12. ETHANOL AND BIODIESEL FUEL PUMP TAX CREDIT [LFB Paper 325]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-REV	-\$1,000,000	\$275,000	-\$725,000

Governor: Create an ethanol and biodiesel fuel pump tax credit under the state individual income and corporate income and franchise taxes equal to 25% of the amount paid in a tax year to install or retrofit pumps located in Wisconsin that dispense motor fuel consisting of at least 85% ethanol or at least 20% biodiesel fuel. The tax credit could be claimed for tax years beginning after December 31, 2007, and before January 1, 2018. The maximum tax credit for a tax year could not exceed \$5,000 for each installed or retrofitted pump used as the basis for the credit. Unused credit amounts could be carried forward up to 15 years to offset future tax liabilities.

Partnerships, LLCs, and tax-option corporations could not claim the credit, but eligibility for, and the amount of the tax credit would be based on eligible expenditures for installation and retrofitting. A partnership, LLC, or tax-option corporation would be required to compute the amount of credit each of its partners, members, or shareholders could claim and to provide that information to them. Partners, members, and shareholders would claim the credit in proportion to their ownership interests.

"Motor vehicle fuel" would mean gasoline or diesel fuel. "Biodiesel fuel" would be defined under current law provisions as a fuel that is comprised of monoalkyl esters of long chain fatty acids derived from vegetable oils or animal fats.

DOR would administer the ethanol and biodiesel fuel pump tax credit and be authorized to take any action, conduct any proceeding, and act as authorized under income and franchise tax provisions relating to timely claims, assessments, refunds, appeals, collection, interest, and penalties.

The ethanol and biodiesel fuel pump tax credit would reduce state income and franchise tax revenues by an estimated \$1,000,000 in 2008-09.

Joint Finance/Senate/Assembly: Adopt the tax credit with a modification to limit the maximum annual tax credit claim to \$5,000 for each service station that claims a credit, rather than \$5,000 for each E85 or B20 fuel pump that is installed or retrofitted. Adopt a technical amendment to clarify that the credit would be claimed after the alternative minimum tax in the order of computation. Reestimate the fiscal effect to be a reduction of state income and franchise tax revenues of \$225,000 in 2007-08 and \$500,000 in 2008-09.

13. CORPORATE INCOME AND FRANCHISE TAX -- EXEMPTION FOR VETERANS SERVICE ORGANIZATIONS

Governor/Joint Finance/Senate/Assembly: Provide an exemption from the corporate income and franchise tax for the income of veterans service organizations that are chartered under federal law. Currently, there are 45 congressionally-chartered veterans service organizations, which includes the American Red Cross, the American Legion, the American Veterans (AMVETS), the Disabled American Veterans, and the Veterans of Foreign Wars of the United States (VFW). The exemption would first apply to tax years beginning on or after January 1, 2007, unless the bill took effect after July 31, 2007, in which case the exemption would first apply to tax years beginning on or after January 1, 2008. The exemption would reduce corporate income and franchise tax revenues by a minimal amount.

General Sales and Use Tax

1. SALES TAX EXEMPTION FOR CATALOGS [LFB Paper 333]

GPR-REV - \$600,000

Governor: Create a sales tax exemption for catalogs and the envelopes in which catalogs are mailed. Specify that the proposed exemption would take effect on April 1, 2009.

Current law imposes the state's 5.0% general sales tax on the gross receipts from the sale and rental of tangible personal property, unless specifically exempted. In addition, the tax is imposed on services specifically listed in the statutes. Under current law, there are two provisions related to the sales tax as it applies to catalog sales. Under the first, the statutes specifically impose the tax on gross receipts from the service of producing, fabricating, processing, printing, or imprinting of tangible personal property for consumers who furnish the materials. However, an exception is provided if the tangible personal property will subsequently be transported and used solely outside this state by the consumer for advertising purposes.

Under the second provision currently applicable to the sales tax on catalog sales, a sales tax exemption is provided for the gross receipts from the storage of printed material designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms, if such printed material is purchased and stored for the purpose of subsequently transporting the material outside the state by the purchaser for use solely outside the state.

The Governor's proposal would create a new exemption for the sale of and the storage, use, or other consumption of catalogs, and the envelopes in which the catalogs are mailed, that are designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms. A "catalog" would mean a printed and bound, stitched, sewed, or stapled book containing a list and description of property or services for sale, regardless of whether a price is specified.

In addition, the bill would modify the exception under the current provision imposing the sales tax on services associated with the fabricating, printing, and imprinting tangible personal property to specify that the tax on the sales price of such services would not apply to the printing or imprinting of tangible personal property that results in printed material, catalogs, or envelopes that are exempt from the sales tax (as would be provided under the bill).

It should be noted that, under another proposal, the bill would conform state sales and use tax provisions to certain terminology under the Streamlined Sales and Use Tax Agreement. Under the SSUTA provisions, current law references to the term "gross receipts" would generally be replaced with the term "sales price". The proposed sales tax exemption for catalogs and the envelopes in which they are mailed would take effect after the SSUTA provisions and, therefore, incorporate the term "sales price," rather than "gross receipts." However, if the proposed sales tax exemption for catalogs and associated envelopes were adopted and the SSUTA provisions were not, then the references to "sales price" in the modifications related to catalog sales would have to be amended to refer to "gross receipts."

The proposed exemption for catalogs would take effect on April 1, 2009. The administration estimates that the proposal would reduce sales and use tax collections by \$600,000 in 2008-09, and by \$2,400,000 per year in subsequent years.

Joint Finance/Senate/Assembly: Approve the Governor's proposal with technical modifications requested by the administration.

2. SALES TAX EXEMPTION FOR A HOME EXCHANGE SERVICE OPERATED BY THE DEPARTMENT OF VETERANS AFFAIRS [LFB Paper 334]

Governor: Provide a sales and use tax exemption for tangible personal property and taxable services that are sold by a home exchange service that receives funding from the Department of Veterans Affairs (DVA) and that is operated by DVA.

DVA currently operates two veterans homes, each of which offers a home exchange

service where snacks, beverages, gifts, and other items are available for members, staff, and visitors to purchase. Under current law, the state sales tax applies to taxable items sold through a home exchange service. The proposed sales tax exemption for such sales would take effect on the first day of the second month beginning after publication of the budget bill. The administration estimates that the provision would reduce state sales tax revenues by a minimal amount.

Joint Finance/Senate/Assembly: Approve the Governor's proposal with a technical modification.

3. SALES TAX EXEMPTION FOR DIGITAL PURCHASES RELATED TO MOTION PICTURES AND RADIO AND TELEVISION PROGRAMS

Governor/Joint Finance/Senate/Assembly: Modify a current sales tax exemption for motion picture film or tape and related advertising materials sold, leased, or rented to movie theaters or radio or television stations to specify that the exemption also applies to motion pictures or radio or television programs for listening, viewing, or broadcast. This provision, which would take effect on the effective date of the budget bill, is intended to clarify current law and would have no fiscal effect.

Miscellaneous Taxes

1. REPEAL SUNSET OF GROSS REVENUES TAX RATE ON WHOLESALE ELECTRICITY SALES

Joint Finance/Senate/Assembly: Repeal current law provisions that sunset the 1.59% tax rate on revenues from the sale of electricity for resale and extend the 1.59% tax rate indefinitely under the state's gross revenues taxes on light, heat, and power companies and electric cooperatives. Under current law, light, heat, and power companies and electric cooperatives are subject to a state license fee imposed at a rate of 3.19% on revenues from the sale of electricity. However, as a result of 2001 Wisconsin Act 16, gross revenues from the sale of electricity for resale that occur from January 1, 2004, through December 31, 2009, are taxed at a rate of 1.59%. This coincides to the state license fees assessed between May 1, 2005, and May 1, 2010. Beginning with the 2011 license fee, imposed on revenues received in 2010, revenues from the sale of electricity for resale will be taxed at a rate of 3.19%. This provision repeals the sunset and retains the 1.59% rate imposed on revenues from the sale of electricity for resale. No fiscal effect is reflected in the 2007-09 biennium because this provision would first affect license fee payments in May, 2010. However, state license fees would be reduced by an estimated \$9 million in 2009-10 and \$18 million annually thereafter.

Tax Administration

1. TAX SHELTER COMPLIANCE INITIATIVE [LFB Paper 350]

GPR-REV \$10,200,000

Governor: Implement a system to require taxpayers and tax advisors to report certain types of transactions that may indicate the existence of tax shelters. Penalties would be imposed for engaging in and failure to report on such activities. DOR could waive or abate penalties under a voluntary compliance program. The specific provisions of the compliance initiative are described in the following sections.

Definitions

"Listed transaction" would mean any reportable transaction that was the same as, or substantially similar to, a transaction, plan, or arrangement specifically identified by the U. S. Secretary of the Treasury as a listed transaction, for the purposes of section 6011 of the IRC (relating to tax shelter transactions), that occurred on or after January 1, 2002, and that was specifically identified by the U. S. Secretary of the Treasury as a listed transaction on or after the date the transaction occurred.

"Material advisor" would be defined as any person who provided any material aid, assistance, or advice with respect to organizing, managing, promoting, selling, implementing, insuring, or carrying out any reportable transaction and who, directly or indirectly, derived gross income from providing such aid, assistance, or advice in an amount that exceeded the following thresholds:

- a. \$50,000, in the case of a reportable transaction, not including a listed transaction, from which a substantial part of the tax benefits are provided to an individual.
- b. \$10,000, in the case of a listed transaction, from which a substantial part of the tax benefits are provided to an individual.
- c. \$250,000, in the case of a reportable transaction, not including a listed transaction, from which a substantial part of the tax benefits are provided to an entity, and not an individual.
- d. \$25,000 in the case of a listed transaction, from which a substantial part of the tax benefits are provided to an entity and not an individual.

"Reportable transaction" would be defined as any transaction, plan or arrangement, including a listed transaction for which a taxpayer was required to submit information to DOR because the taxpayer was required to disclose the transaction, plan, or arrangement for federal income tax purposes, as provided under U. S. Department of Treasury regulations.

"Tax avoidance transaction" would be defined as a transaction, plan, or arrangement

devised for the principal purpose of avoiding federal or Wisconsin income or franchise tax and that was a reportable transaction as provided under U. S. Department of the Treasury regulations, as of the effective date of the bill.

"Tax shelter" would mean any entity, plan, or arrangement, if avoiding or evading federal income tax or Wisconsin income or franchise tax is a significant purpose of the entity, plan, or arrangement.

"Taxpayer" would mean a person who was subject to the state individual income or corporate income and franchise taxes, and who has a tax liability attributable to using a tax avoidance transaction for any tax year beginning before January 1, 2007.

Disclosure of Reportable Transactions

Disclosure Requirement. Taxpayers would be required to file with DOR a copy of the form prescribed by the Internal Revenue Service for disclosing a reportable transaction, for each tax year that the taxpayer participates in a reportable transaction. The filing requirement would apply to any reportable transaction entered into on or after January 1, 2002, for any tax year for which the transaction remains undisclosed, and for which the statute of limitations on an assessment, including any extension under the provisions of the bill, has not expired as of 60 days after the effective date of the bill. The form would have to be filed no later than 60 days after the date for which the taxpayer was required to file the form for federal tax purposes, except that if the taxpayer filed a form with the IRS on or before the effective date of the bill, the taxpayer would have to file a copy of the form with the Department by December 31, 2007. DOR could require that the disclosure form be filed separately from the taxpayer's state income and franchise tax return.

Penalty for Failure to Disclose. Any taxpayer who fails to file a required disclosure form would be subject to a penalty equal to: (a) the lesser of \$15,000 or 10% of the tax benefit obtained from a reportable transaction, if the taxpayer participated in such a transaction that is not a listed transaction; or (b) \$30,000 if the taxpayer participated in a listed transaction. The penalties would apply to: (a) any failure to disclose a listed transaction that was entered into on or after January 1, 2002, including transactions that were not listed transactions when entered into but became such before the effective date of the bill, or (b) any other reportable transaction entered into before the effective date of the bill, for any tax year for which the statute of limitations on assessment, including any extension under the bill, has not expired as of the effective date of the bill. The Secretary of Revenue would be authorized to waive or abate these penalties, or a portion of them, that were related to a reportable transaction that is not a listed transaction, if the waiver or abatement promoted compliance with these provisions and effective tax administration.

Understatement Penalties. Taxpayers would also be subject to penalties for reportable transaction understatements. In addition to any tax owed, the taxpayer would be subject to a penalty of either 20% of the reportable transaction understatement, or 30% of the reportable transaction understatement in cases where the reportable transaction was not disclosed. A

taxpayer would have a reportable transaction understatement if the following calculation resulted in a positive number:

a. Multiply the taxpayer's highest applicable state individual income or corporate income and franchise tax rate by the amount of any increase in Wisconsin taxable income that results from the difference between the proper tax treatment of the reportable transaction and the taxpayer's treatment of the transaction on the taxpayer's return. This calculation would also apply to any amended return the taxpayer filed before the date on which the Department first contacted the taxpayer regarding an examination of the tax year for which the amended return was filed. The amount of any increase in Wisconsin taxable income for a tax year would include any reduction in the amount of loss available for carry-forward to the subsequent year.

b. Add the amount determined under "a" to the amount of any decrease in the aggregate amount of Wisconsin income or franchise tax credits that resulted from the difference between the proper tax treatment of a reportable transaction and the taxpayer's treatment of the transaction as shown on the taxpayer's return.

The reportable transaction understatement penalties would apply to any understatement from a reportable transaction, including a listed transaction, that was entered into on or after January 1, 2002, for any tax year for which the statute of limitations on the assessment, including any extension, had not expired on the effective date of the bill.

Additional penalties could be imposed for reportable transaction understatements. A taxpayer that filed an amended return after December 31, 2007, and before the taxpayer was contacted by the IRS or DOR regarding a reportable transaction, would be subject to a penalty equal to 50% of the interest assessed on tax due for any reportable transaction understatement for the tax period for which the IRS or DOR contacted the taxpayer. If the IRS or DOR contacted the taxpayer after December 31, 2007, regarding a reportable transaction, and before the taxpayer filed an amended return with respect to the reportable transaction, the taxpayer would be subject to a penalty equal to the interest assessed on taxes due for any reportable transaction understatement for the tax period for which the IRS or DOR contacted the taxpayer.

These penalties would apply to any reportable transaction understatement that resulted from a reportable transaction, including a listed transaction, entered into on or after January 1, 2002, for any tax year for which the statute of limitations on assessment, including any extension, had not expired by the effective date of the bill.

The Secretary of Revenue would be authorized to waive or abate the understatement penalties, or any portion of the penalties, if the taxpayer demonstrated to the Department that the taxpayer had reasonable cause to act the way the taxpayer acted, and in good faith, in regard to the tax treatment for which a penalty would be imposed, and all the facts relevant to such tax treatment were adequately included in the disclosure statement. If the taxpayer did not fully disclose such facts in the statement, the Secretary could waive the penalty if the taxpayer demonstrated to the Department that the tax treatment for which the penalty was imposed was more likely than not the proper treatment, and that substantial authority exists or existed for

such tax treatment.

Statute of Limitations. A statute of limitations would be established for assessing taxes related to reportable transactions. In cases where a taxpayer failed to provide any information regarding a reportable transaction, but not including listed transactions, the time for assessing the state income or franchise tax with respect to that transaction would expire on the date that was six years after the date on which the return for the tax year in which the reportable transaction occurred was filed. In cases where the taxpayer failed to provide any information regarding a listed transaction, the time for assessing the state income or franchise tax with respect to that transaction would expire on the latest of the following dates:

- a. The date that was six years after the date on which the return for the tax year in which the listed transaction occurred was filed.
- b. The date that was 12 months after the date on which the taxpayer provided disclosure information regarding the listed transaction.
- c. The date that was 12 months after the date on which the taxpayer's material advisor provided, at the Department's request, the required list of Wisconsin taxpayers served (described below).
- d. The date that was four years after the date on which the Department discovered a listed transaction that was a listed transaction on the date the transaction occurred for which the taxpayer did not provide the required disclosure information, or for which the taxpayer's material advisor did not provide the required list of taxpayers served.

The limitation dates for reportable transactions and listed transactions could be extended by a written agreement between the taxpayer and DOR.

Material Advisors. Material advisors to taxpayers would be required to file disclosure statements. Each material advisor who is required to disclose a reportable transaction under the Internal Revenue Code would be required to file a copy of the disclosure with DOR within 60 days after the date for which the material adviser is required to file the disclosure with the IRS. However, if the material advisor filed the disclosure with the IRS on or before the effective date of the bill, the material advisor would be required to file a copy of the disclosure statement with DOR by December 31, 2007.

Each material advisor would be required to maintain a list that identified each Wisconsin taxpayer for whom the material advisor provided services with respect to a reportable transaction, regardless of whether the taxpayer was required to file a disclosure form with DOR. A material advisor who was required to maintain such a list would have to provide the list to the Department, after receiving a written request to provide the list. The material advisor would also have to retain the information contained in the list for seven years or for a period determined by the Department by rule. If two or more material advisors were required to maintain identical lists, DOR could authorize only one material advisor to maintain the list. The material advisor reporting provisions would apply to reportable transactions, not including

listed transactions, for which the material advisor provided services after the effective date of the bill. The reporting provisions would apply for listed transactions for which the material advisor provided services, and that were entered into, on or after January 1, 2002, regardless of when the transactions became listed transactions.

Material Advisor Penalties. Penalties would be imposed on material advisors for failing to file or maintain required information, or filing false or incomplete information. Specifically, any person who failed to file a required disclosure form or filed a disclosure containing false or incomplete information would be subject to the following penalties: (a) \$15,000 if the disclosure related to a reportable transaction that was not a listed transaction; or (b) \$100,000 if the disclosure related to a listed transaction.

Any material advisor who failed to provide the required list of taxpayers to DOR no later than 20 business days after the date on which the person received the request to provide the list, would be required to pay a penalty to DOR that equaled \$10,000 per day for each day that the person did not provide the list, beginning with the day that was 21 business days after the date on which the person received the Department's request.

The Secretary of Revenue would be authorized to waive or abate the material advisor penalties, or any portion of such penalties, that were related to a reportable transaction that was not a listed transaction, if the waiver or abatement promoted compliance with the material advisor reporting provisions and effective tax administration. In cases where a penalty was imposed for failure to maintain or provide the list of taxpayers served, the Secretary could waive or abate the penalties if, on each day after the time for providing the list without incurring a penalty had expired, the person demonstrated that the failure to provide the list was due to a reasonable cause.

Tax Shelter Promotion. The bill includes provisions that would impose a penalty on persons for promotion of tax shelters. Beginning on the effective date of the bill, any person who organized or assisted in organizing a tax shelter, or directly or indirectly participated in the sale of any interest in a tax shelter, and who made or provided, or caused another person to make or provide, in connection with the organization or sale of a tax shelter, a statement that the person knew, or had reason to know, was false or fraudulent as to any material matter regarding the allowability of any tax deduction or credit, the excludability of any income, the manipulation of any allocation or apportionment rule, or the securing of any other tax benefit resulting from holding an interest in the entity or participating in the plan or arrangement, would be required to pay a penalty to DOR, for each such sale or act of organization. The amount of penalty would equal 50% of the person's gross income derived from the sale or act of organization.

The bill also includes statutory language that would provide that, for the purpose of administering the tax shelter compliance provisions, beginning on the effective date of the bill, a written communication between a tax practitioner and any person, director, officer, employee, agent, or representative of the person, or any other person holding a capital or profits interest in the person, regarding the promotion of the person's direct or indirect participation in any tax

shelter would not be considered a confidential or privileged communication.

Injunction. DOR would be authorized to commence an action in the circuit court of Dane County to enjoin a person from taking any action, or failing to take any action that would be subject to the tax shelter compliance penalties or would be in violation of the tax shelter compliance provisions included in the bill, or any related rules promulgated by DOR.

Tax Avoidance Voluntary Compliance Program

The bill would create a voluntary compliance program under which DOR would waive or abate all penalties imposed for tax avoidance transactions, if the taxpayer filed amended returns and paid amounts due. DOR would be required to waive or abate all penalties that were applicable to the underreporting or underpayment of Wisconsin income or franchise taxes attributable to using a tax avoidance transaction for any tax year for which the taxpayer met certain conditions (described below). Similarly, DOR could not seek criminal prosecution against a taxpayer for using a tax avoidance transaction for any tax year for which the taxpayer satisfied those conditions.

Specifically, a taxpayer would be eligible for penalty waiver and abatement, and not be subject to criminal prosecution for underreporting or underpayment of income or franchise taxes if, during the period beginning on October 1, 2007, and ending on December 31, 2007, the taxpayer did the following:

a. Filed an amended Wisconsin tax return for each tax year for which the taxpayer had previously filed a state tax return that used a tax avoidance transaction to underreport the taxpayer's Wisconsin income or franchise tax liability, and the amended return reported the total Wisconsin net income and tax for the tax year, computed without regard to any tax avoidance transaction, and without regard to any other adjustment that was unrelated to any tax avoidance transaction.

b. Paid, in full, for each year for which an amended return was filed, the entire amount of Wisconsin income or franchise tax and interest due that was attributable to using a tax avoidance transaction.

A taxpayer who participated in this program could not file an appeal or a claim for credit or refund with respect to the tax avoidance transactions for the tax years for which the taxpayer filed amended returns for penalty waiver or abatement and no criminal prosecution. However, a taxpayer who filed an amended return under the program could file a separate amended return with respect to adjustments that were unrelated to any tax avoidance transaction.

DOR could not waive or abate a penalty if it related to an amount of Wisconsin income and franchise tax that was attributable to a tax avoidance transaction and was assessed or paid prior to October 1, 2007, or after December 31, 2007. DOR would be required to promulgate rules, publish forms, and take any other action necessary to implement and administer the compliance program.

A transaction would not have to be a reportable transaction as provided under U. S. Department of the Treasury regulations in order for DOR to examine the transaction with regard to its principal purpose.

The bill's provisions would increase individual income and corporate income and franchise taxes by an estimated \$9,400,000 in 2007-08 and \$800,000 in 2008-09 and annually thereafter.

Joint Finance/Senate/Assembly: Adopt provisions with a technical amendment that would make the following modifications:

a. The voluntary compliance program ending date would be extended from December 31, 2007, to February 29, 2008, and taxpayers could enter into installment payment agreements with DOR to pay taxes.

b. The definition of "tax avoidance transaction" would be expanded to include any transaction that provides tax benefits for Wisconsin income and franchise tax purposes, even if there is no federal tax benefit.

c. The definition of "listed transaction" would be modified to eliminate the effective date of transactions occurring after January 1, 2002.

d. The definition of "reportable transaction" would be clarified to specify the disclosure is for the tax year in which the reportable transaction occurred.

e. The definition of "threshold amount" for transactions as they apply to material advisors would be modified to specify that the tax benefits are provided primarily to a certain individual or entity, rather than a substantial amount being provided.

f. Disclosure provisions would be modified to provide that a taxpayer file, with DOR, a form required, rather than prescribed by the IRS, that the copy be filed by February 29, 2008, rather than December 31, 2007, that the disclosure requirement applies to any reportable transaction entered into on or after January 1, 2001 (rather than 2002), or entered into before January 1, 2001, which reduced the taxpayer's liability for tax years beginning on or after January 1, 2001.

g. The Secretary of DOR's authority to waive taxpayer disclosure, understatement, and additional penalties would be final.

h. Taxpayer penalties that apply to failure to disclose a listed transaction or to underreporting due to a reportable transaction would apply to such transactions entered into on or after January 1, 2001 (rather than 2002), or entered into before January 1, 2001, which reduced the taxpayer's liability for tax years beginning on or after January 1, 2001.

i. Additional penalties for reportable transaction understatements by taxpayers would apply in cases where taxpayers that file amended returns or where the IRS contacts the taxpayer after February 29, 2008, rather than after December 31, 2007. In addition, additional

understatement penalties would apply to understatements from reportable transactions entered into on or after January 1, 2001 (rather than 2002), or entered into before January 1, 2001, which reduced the taxpayer's liability for tax years beginning on or after January 1, 2001.

j. The statute of limitations for assessing taxes related to reportable transactions would apply to transactions entered into on or after January 1, 2001 (rather than 2002), or entered into before January 1, 2001, which reduced the taxpayer's liability for tax years beginning on or after January 1, 2001.

k. Material advisors would be required to file a copy of a disclosure form with DOR by February 29, 2008, rather than by December 31, 2007. The reporting requirements would apply to transactions for which services are provided and that were entered into on or after January 1, 2001, (rather than 2002), or entered into before January 1, 2001, which reduced the taxpayer's liability for tax years beginning on or after January 1, 2001.

l. The Secretary of DOR's decision to waive material advisor disclosure penalties would be final.

m. Reference to tax practitioner would be deleted, and advice regarding participation in a tax shelter would not be confidential or privileged information.

GENERAL PROVISIONS

1. PENALTIES FOR SUBMITTING FALSE CLAIMS AND CIVIL CASES AGAINST THOSE THAT MAKE FALSE CLAIMS

Governor: Create penalties for individuals that make claims against the state for products or services not provided and allow individuals to file claims against those making false claims as described below.

Penalties for False Claims. Create a forfeiture (civil penalty) for anyone who knowingly presents or causes to be presented to a state agency (including the Legislature and the Courts) or to a local unit of government a false claim for payment of the following: (a) construction work or limited trades work under contract; (b) engineering or architectural services under contract; or (c) materials, supplies, equipment, or contractual services under the contract or order. Establish the amount of the forfeiture at not less than \$5,000 nor more than \$10,000, plus three times the amount of the damages that were sustained by the state or local unit of government (or would have been sustained), whichever amount is greater, as a result of the false claim. Authorize the Attorney General to bring an action on behalf of a state agency to recover any forfeiture as a result of a false claim regarding a contract for construction, execution, repair, remodeling, or improvement of a public work or building or for the furnishing of supplies, equipment, material, or professional or contractual services of any kind.

Include specific reference to these penalties in current law provisions that exempt certain state agency purchases from various aspects of the state procurement code (Subchapter IV of Chapter 16 of the statutes). As a result, the new penalty provisions would specifically apply to contracts, services, and commodity purchases for the following: (a) Department of Natural Resources contracts for construction work sought by bid or a competitive sealed process; (b) legal or investment counsel retained by the State of Wisconsin Investment Board (SWIB); (c) maintenance and repair of land or buildings owned by SWIB; (d) employment of professionals, contractors, or other agents necessary to evaluate or operate any property managed by SWIB; (e) Department of Transportation (DOT) highway improvement project contracts with private firms or counties; (f) DOT railroad and utility relocation contracts; (g) DOT engineering services; (h) DOT contracts with counties and municipalities for highway improvements; (i) DOT transportation assistance contracts for railroads, urban mass transit, specialized transportation, and harbors; (j) Department of Workforce Development contracts with attorneys hired to represent the interests of the Uninsured Employers Fund; (k) Department of Financial Institutions contracts with bank supervisory agencies for providing examiners of in-state branches of out-of-state banks; and (l) services provided for the management of the Injured Patients and Families Compensation Fund, as contracted through the Board of Governors.

Specify that these new penalty provisions would first apply to all claims presented or caused on and after the general effective date of the biennial budget act.

Civil Suits on Behalf of the State. Specify that an individual that does any of the following would be liable to the state for at least \$5,000 but not more than \$10,000, plus three times the amount of damages sustained by the state: (a) knowingly presenting or causing the presentation of a false claim for payment or approval; (b) knowingly making, using or causing a false record or statement to obtain approval or payment of a false claim; (c) conspiring to defraud the state by obtaining allowance or payment of a false claim, or by knowingly making or using, or causing to be made or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the state; (d) having possession, custody, or control of property used or to be used by the state and knowingly delivering or causing to be delivered less property than the amount for which the person receives a certificate or receipt; (e) being authorized to make or deliver a document certifying receipt of property that is used or to be used by the state, knowingly makes or delivers a receipt that falsely represents the property that is used or to be used; (f) knowingly buying or receiving as a pledge for payment of an obligation or debt for the state property from any person who lawfully may not sell or pledge the property; (g) knowingly making, using, or causing to be made or used a false record or statement to conceal, avoid, or decrease any obligation to pay or transmit money or property to the state; and (h) benefiting from the submission of a false claim to any officer, employee, or agent of the state, or to any contractor, grantee, or other recipient of state resources, knowing that the claim is false, and failing to disclose the false claim to the state within a reasonable time after becoming aware of the false claim.

Allow a court to assess between two and three times the amount of the damages sustained by the state to a person found responsible for such a violation, but specify that the a forfeiture would not be assessed if all the following apply: (a) the person who commits the act, within 30 days, furnishes the Attorney General with all information known to the person about the false claim acts; (b) the person fully cooperates with any investigation of the acts; and (c) when the person supplies information to the Attorney General, no criminal prosecution or civil or administrative enforcement action had begun regarding the false claim, and the person had no knowledge about an existing investigation into such an act. These provisions would not apply to Chapters 70 through 79 of the Statutes. These chapters address property taxes, income and franchise taxes, estate taxes, land sold for taxes, public utility taxes, motor fuel and aviation fuel taxes and revenue sharing.

Allow individuals to bring suit on behalf of the state (a *qui tam* plaintiff). Require the plaintiff to provide a copy of the complaint to the Attorney General, disclosing substantially all material evidence and information known to the plaintiff. Specify that the complaint would also be provided to the court *in camera* (outside of a court session). Require that files be sealed for 60 days from the date of filing, and not be provided to the defendant until ordered by a court.

Specify that the Department of Justice would be required to investigate possible false claims against the state. Within 60 days from the date served, the Attorney General would be allowed to intervene in the action. The Attorney General would be allowed, for good cause, to

ask a court to seal the complaint for a longer period. Require the Attorney General to do one of the following while the file is sealed: (a) proceed with an alternate remedy under an administrative proceeding, which would be prosecuted by the state; or (b) notify the court that action will not be taken by the Attorney General, allowing the original plaintiff to proceed with the action. Under an alternative remedy of an alleged false claim, the Attorney General could conduct an administrative proceeding to assess a civil forfeiture. Under such a case, the plaintiff would have the same rights as under a court proceeding. Specify that this provision would be exempted from the current statutes regarding the commencement of a civil procedure. Under current law, a civil action commences when a summons of the complaint naming the defendant is filed with the court.

Specify that, if the action is valid, only the plaintiff or the state could intervene or bring legal action while the original action is pending. If the Attorney General seeks an alternative remedy, the plaintiff would be required to prove all essential elements of the cause of the action or complaint, including damages by a preponderance of the evidence. If the state acts on the case, as brought forward by the plaintiff, then the plaintiff would remain as a party in the complaint. However, the state would not be limited to actions brought by the plaintiff. If an alternative remedy is sought, the state would have the primary responsibility in the prosecution. Specify that the state be allowed to move for dismissal of the action for good cause, notwithstanding an objection from the plaintiff, if all the following apply: (a) the state is a party to the suit; (b) the plaintiff was served a copy of the state's motion; and (c) the plaintiff is provided an opportunity to oppose the motion before a court or the administrative agency before the proceeding is conducted.

Allow the Attorney General to compromise and settle an action before a court or an administrative proceeding to which the state is a party, notwithstanding an objection of the plaintiff, if the following apply: (a) the Governor approves; (b) the plaintiff is granted a hearing in which he or she can present evidence in opposition to the settlement; and (c) the settlement is fair, reasonable and adequate considering the relevant circumstances pertaining to the violation.

Participation in the Proceeding. Specify that a court could restrict participation by the plaintiff, if the state shows that the plaintiff would interfere or unduly delay the prosecution of the action or proceeding, or would result in consideration of repetitious or irrelevant evidence or evidence presented for the purposes of harassment. Allow a court to limit the following if such restrictions are found to be warranted: (a) the number of witnesses the plaintiff may call; (b) the length of the testimony of the witnesses; (c) the cross-examination of the witnesses; and (d) the participation of the plaintiff in the prosecution of the action or the proceeding. In cases where the state is a party, allow the defendant to petition the court to restrict the role of the plaintiff in the case or proceeding if the actions of the plaintiff would result in harassment or would cause the defendant undue burden or unnecessary expense. Specify that the court would review the false claim provisions in determining who could participate in the case, rather than current law civil procedures that dictate mandatory and discretionary intervention [under Chapter 803 of the statutes].

If the state does not participate in an action, allow the Attorney General to request copies of all pleadings and deposition transcripts, at the cost of the state. If the plaintiff initiates prosecution of the action, a court, without limiting the status and rights of that person, would be allowed to permit the state to intervene at a later date if the state shows good cause for the proposed intervention.

Specify that if the Attorney General, in an out-of-court proceeding, shows that the proceeding would interfere with the state's ongoing investigation or prosecution of a criminal or civil matter arising out of the same facts, a court could stay such discovery in whole or in part for a period of not more than 60 days. Specify that a court would be allowed to extend the period of any such stay upon further showing by the Attorney General that the state has pursued the criminal or civil investigation of the matter with reasonable diligence and the proposed discovery in the action brought under the false claim proceeding would interfere with the ongoing criminal or civil investigation or prosecution.

Exempt the discovery provision from the normal scope of discovery in civil cases. Under current law, parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action, whether it relates to the claim or defense of the party seeking discovery or to the claim or defense of any other party, including the existence, description, nature, custody, condition and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter.

Provide that a judgment of guilty entered in a criminal action, in which the defendant is charged with fraud or making false statements, would prevent the defendant from denying the essential elements as the offense in a false claim proceeding, if the cases involve the same elements of criminal action.

Payments to the Plaintiff. Specify that if the state goes forward in either a court proceeding or an administrative proceeding, then the plaintiff is entitled to at least 15% but no more than 25% of the proceeds of the action or settlement of the claim depending on the plaintiff's contribution. If the state does not proceed in the case then the plaintiff is eligible for 25% to 30% of the proceeds of an action against the defendant.

Provide that the plaintiff is also eligible for reasonable expenses necessary in bringing action together with the person's costs and reasonable actual attorney fees. The fees would be determined by the court or other adjudicator. The state would not be responsible for any of the expenses incurred by a plaintiff.

Specify that an individual, other than the plaintiff, that discloses specific information that is the primary evidence against the defendant, then that individual would be entitled to as much as 10% of the proceeds of the action or the settlement, depending on the significance of the information provided.

Specify that if it is determined that the plaintiff is also the individual that planned or initiated the violation being reviewed by the proceeding, then the court may reduce the share of

the awards to the plaintiff. If that person is also convicted for criminal conduct, a court or other adjudicator may also dismiss the person as a party and deny any payments to the individual.

Miscellaneous Provisions. Specify that no court would have jurisdiction over an action brought by a private person in a false claim case against a state public official if the action is based on information known to the Attorney General at the time of the action. Further provide that no person could bring action in a false claim case based on allegations or transactions that are the subject to civil action or an administrative proceeding to assess a civil forfeiture in which the state is a party if the action or proceeding was commenced prior to the date that the action is filed.

Provide that a false claim could be dismissed only by order of a court. A court would be allowed to take into account the best interest of the parties and the requirements of the false claim provisions. Under current law, a plaintiff may dismiss an action without an order of the court.

Specify that a false claim action could be commenced within 10 years of the cause of the action or claim. Further specify that this provision applies to all false claims that are within the 10-year statute of limitation, even if the action occurred before the provision is approved.

Specify that the remedies created in the bill are in addition to any other remedy provided under law or common law. Further specify that the provisions be liberally construed and applied to promote the public interest and the interests of the federal government relating to claims of the U.S. government, claims against the U.S. government, procurement protests, accounting and collections and audits and settlements.

Protections for State Employees. Provide that any state employee who is discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against by his or her employer at a state agency or authority due to lawful actions taken by the employee, on behalf of the employee, or by others in furtherance of an action or claim filed under this provision, including investigation for, initiation of, testimony for, or assistance in an action or claim filed under the false claim provisions would be entitled to all necessary relief to make the employee whole. Such relief would in each case include the following: (a) reinstatement with the same seniority status that the employee would have had but for the discrimination; (b) two times the amount of back pay; (c) interest on the back pay at the legal rate; and (d) compensation for any special damages sustained as a result of the discrimination, including costs and reasonable actual attorney fees. Allow an employee to bring an action to obtain the relief to which the employee is entitled under this subsection.

Joint Finance/Senate/Assembly: Modify the bill so that penalties for submitting false claims and civil cases against those who make false claims only apply to contracts, services, and commodity purchases related to the medical assistance program.

2. COMPENSATION FOR ELECTED TOWN OFFICERS WHO ALSO SERVE AS A TOWN EMPLOYEE

Joint Finance/Senate/Assembly: Modify the current law provision that limits the amount of pay that an elected town officer, who also serves as a town employee, may receive for serving as a town employee by establishing a limit of \$15,000 for clerks, treasurers, and clerk-treasurers and continuing the current law limit of \$5,000 for all other elected officers. Some elected town clerks and treasurers are also employed by their towns to perform functions in addition to their official responsibilities. Current law limits their pay for such other functions to \$5,000 annually. This provision would increase that limit to \$15,000.

3. ISSUANCE OF FIREWORKS PERMITS AND THE SALE OF FIREWORKS

Joint Finance/Senate/Assembly: Modify the current law provision that limits municipalities' authority to issue fireworks user permits by replacing "a group of resident or nonresident individuals" with "any individual or group of individuals" among those who may receive permits. In addition, repeal the current law provision that allows the sale of regulated fireworks to a person who is located outside of the state and instead allow the sale of fireworks to a nonresident person. Current law regulates the sale, use, and possession of certain fireworks and prohibits the use or possession of regulated fireworks by any person who does not have a fireworks user's permit. Municipalities may issue those permits to: (a) groups of resident or nonresident individuals; (b) public authorities; (c) fair associations; (d) amusement parks; (e) park boards; (f) civic organizations; and (g) agricultural producers for the protection of crops from predatory birds or animals. This provision would eliminate the requirement that individuals be in a group and, instead, would allow a permit to be issued to a single individual. In addition, current law prohibits the sale of regulated fireworks to any person who does not have a fireworks user's permit, except wholesalers are not prohibited from selling fireworks to a person outside the state. The courts have interpreted this provision as requiring the person to be physically located outside the state. This provision would instead allow a wholesaler to sell fireworks to a nonresident person.

GOVERNMENT ACCOUNTABILITY BOARD

1. CREATION OF GOVERNMENT ACCOUNTABILITY BOARD [LFB Paper 360]

Joint Finance/Senate/Assembly: Effectuate the provisions of 2007 Wisconsin Act 1 creating the Government Accountability Board (GAB) and deleting the Elections and Ethics Boards.

	Funding	Positions
GPR	\$4,635,900	13.30
FED	3,053,300	0.00
PR	1,127,400	3.45
SEG	1,500,200	0.00
Total	\$10,316,800	16.75

Delete Elections and Ethics Boards Appropriations and Funding. Delete the Elections and Ethics Boards' Chapter 20 schedule and appropriations on the effective date of the 2007-09 biennial budget act. Transfer funding and position authority provided to the Boards to GAB. The transferred funding and position authority consists of \$2,276,900 GPR and 13.3 GPR positions, \$1,575,500 FED and 1.0 FED position, \$563,700 PR and 3.45 PR positions, and \$750,100 SEG in 2007-08, and \$2,359,000 GPR and 13.3 GPR positions, \$1,477,800 FED, \$563,700 PR and 3.45 PR positions, and \$750,100 SEG in 2008-09.

Deposit of Revenues to Government Accountability Board Funds or Appropriations. Provide that the Elections and Ethics Boards (for so long as they remain constituted and vested with authority during 2007-09) must deposit all revenues received into the appropriate GAB fund or appropriation account, consistent with the purposes for which those revenues are directed by law to be deposited to or credited by GAB.

Expenditures from Government Accountability Board Appropriations. Provide that the Elections and Ethics Boards (for so long as they remain constituted and vested with authority during 2007-09) may encumber or expend moneys from any GAB appropriation, consistent with the purposes of that appropriation. Further provide that the Elections and Ethics Boards may not encumber or expend funds in an amount greater than the amount that would have been authorized to the respective Boards during 2007-09, if the passage of SB 40 had been delayed.

Current Law. The provisions of 2007 Wisconsin Act 1 consolidated the Elections Board and the Ethics Board as a new Government Accountability Board. Under Act 1, the Elections and Ethics Boards cease to exist on the later of either: (a) September 1, 2007; or (b) the 31st day beginning after the date on which GAB has given final approval to the hiring of individuals to initially fill the positions of Legal Counsel to the Board, Administrator of the Ethics and Accountability Division of GAB, and Administrator of the Elections Division of GAB.

2. LEGAL COUNSEL

Joint Finance/Senate/Assembly: Provide \$121,600 and 1.0

	Funding	Positions
GPR	\$243,200	1.00

position annually to provide funding and position authority for the Legal Counsel position for the Board, which will serve as the administrative head for the agency.

Current Law. Under Act 1, the Legislature created GAB and provided that a new Legal Counsel position would serve as the administrative head for the agency. GAB would be required to delete an existing position under the Elections Board or Ethics Board and reallocate funding in order to provide for this position.

3. BOARD PER DIEM FUNDING [LFB Paper 360]

Joint Finance/Senate/Assembly: Reserve \$28,300 GPR annually under the Joint Committee on Finance GPR supplemental appropriation for possible future release to GAB to fund: (a) board member per diem costs for 12 board meetings annually; and (b) per diem costs for the Board Chair, or the Chair's designee, to canvass each state election event.

Provide that during each year of the upcoming biennium, GAB must report to the Co-Chairs of the Joint Committee on Finance concerning its need for board member per diem funding. If, within 14 working days after the date on which they receive the report, the Co-Chairs of the Committee do not notify the Legal Counsel of GAB that the Committee has scheduled a meeting for the purpose of reviewing the Board's report, the per diem funding under the Committee's GPR supplemental appropriation would be transferred to GAB's GPR-funded general program operations appropriation and may be expended by the Board for its per diem payment obligations. If, within 14 working days after the date that the Board submits its report, the Co-Chairs of the Committee notify the Legal Counsel of GAB that the Committee has scheduled a meeting for the purpose of reviewing the Board's proposed expenditures for board member per diem payments, the funding under the Committee's GPR supplemental appropriation for GAB per diem payments will only be transferred to GAB upon approval of the transfer by the Committee. [See "Program Supplements."]

4. LOBBYING ADMINISTRATION PROGRAM REVENUE APPROPRIATION [LFB Paper 360]

Joint Finance/Senate/Assembly: Create a lobbying administration PR annual appropriation to permit lobbying fees to be separated from campaign finance registration fees from non-candidate campaign finance registrants. Re-title GAB's general program operations; program revenue appropriation created under Act 1, the election administration; program revenue appropriation.

The Elections Board currently collects filing fees from non-candidate campaign finance registrants to offset campaign finance administration costs, while the Ethics Board collects license fees from lobbyists and registration fees from lobbying principals to offset lobbying law administration costs. Under current law, each agency deposits these revenues to a general program operations PR appropriation. Under Act 1 creating GAB, these fees are deposited to, and expended from, a single PR-general program operations appropriation.

GOVERNOR

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$362,400
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Governor/Joint Finance/Senate/Assembly: Provide standard adjustments to the base budget for full funding of salaries and fringe benefit costs (\$181,200 annually).

HEALTH AND FAMILY SERVICES

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 446]

Governor: Provide \$28,429,100 (\$14,696,100 GPR, \$4,488,300 FED, \$9,236,000 PR, and \$8,700 SEG) in 2007-08 and \$28,542,900 (\$14,703,400 GPR, \$4,488,300 FED, \$9,342,500 PR, and \$8,700 SEG) in 2008-09 and 37.0 positions (-3.0 FED positions and

	Funding	Positions
GPR	\$29,399,500	0.00
FED	8,976,600	-3.00
PR	18,578,500	40.00
SEG	17,400	0.00
Total	\$56,972,000	37.00

40.0 PR positions), beginning in 2007-08, to adjust the Department's base budget for: (a) turnover reduction (-\$2,095,600 GPR, -\$1,045,400 FED, and -\$2,289,600 PR annually); (b) removal of noncontinuing items (-\$58,000 GPR, -\$173,800 FED and -\$569,500 PR annually and -3.0 FED positions and -1.0 PR position, beginning in 2007-08); (c) full funding of salaries and fringe benefits (\$11,841,000 GPR, \$5,617,300 FED, \$3,743,200 PR, and \$8,700 SEG annually and 41.0 PR positions beginning in 2007-08); (d) overtime (\$3,315,500 GPR and \$5,893,300 PR in 2007-08 and \$3,322,800 GPR and \$5,999,800 PR in 2008-09); (e) night and weekend salary differentials (\$1,693,200 GPR, \$90,200 FED, and \$2,458,600 PR annually); and (f) minor transfers within appropriations.

Joint Finance/Senate/Assembly: Reduce funding for overtime costs at the mental health institutes by \$184,400 GPR in 2007-08 and by \$207,700 GPR in 2008-09 and increase funding for overtime costs at the Sand Ridge Secure Treatment Center and the Wisconsin Resource Center by corresponding amounts.

2. DEBT SERVICE REESTIMATE

GPR	\$1,231,700
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Governor/Joint Finance/Senate/Assembly: Provide \$698,700 in 2007-08 and \$533,000 in 2008-09 to reflect anticipated changes in debt service costs associated with mental health facilities operated by the Division of Disability and Elder Services (\$694,100 in 2007-08 and \$530,300 in 2008-09) and the workshop for the blind (\$4,600 in 2007-08 and \$2,700 in 2008-09).

3. PROGRAM REVENUE FUNDING ADJUSTMENTS

PR	\$5,169,100
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Governor/Joint Finance/Senate/Assembly: Provide \$2,762,000 2007-08 and \$2,407,100 in 2008-09 to adjust funding for programs that are either wholly or partially supported by program revenues, including revenues transferred from other agencies and revenues transferred within DHFS. These adjustments reflect the administration's estimates of the

amount of program revenue that will be available to support program costs in the 2007-09 biennium.

Major funding changes include: (a) increased funding transferred from other agencies and DHFS divisions that support information technology services provided by the Bureau of Information Technology Services (\$974,000 in 2007-08 and \$1,626,900 in 2008-09); (b) decreases in funding DHFS collects by recovering incorrect public assistance payments, which it uses to support fraud and error reduction activities (-\$1,200,000 annually); (c) increases in funding for aids distributed by the Division of Public Health from gifts, grants and bequests (\$1,691,100 in 2007-08 and \$580,000 in 2008-09); (d) increases in inter-agency and intra-agency funding transferred to Mendota Mental Health Institute (\$847,600 in 2007-08 and \$926,300 in 2008-09) and the Winnebago Mental Health Institute (\$327,100 in 2007-08 and \$333,300 in 2008-09); (e) decreases in inter-agency and intra-agency funding that supports local assistance distributed by the Division of Disability and Elder Services (-\$600,000 annually); (f) increases in estimated payments funded from recovery activities under the medical assistance program (\$687,900 annually); (g) decreases in estimated SeniorCare administrative costs funded from enrollment fees (-\$480,000 in 2007-08 and -\$420,800 in 2008-09); (h) decreases in funding for compilations of health data reports (-\$407,100 annually); and (i) increases in funding for the Division of Disability and Elder Services to conduct background checks (\$317,000 in 2007-08 and \$236,800 in 2008-09).

4. FEDERAL FUNDING ADJUSTMENTS

FED	\$60,700
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Governor/Joint Finance/Senate/Assembly: Provide \$1,350,300 in 2007-08 and reduce funding by \$1,289,600 in 2008-09 to adjust funding for selected programs that are either wholly or partially supported by federal revenue. These adjustments reflect the administration's estimates of the amount of federal revenues that will be available to support certain DHFS programs in the 2007-09 biennium.

This item includes increased funding to support: (a) project aids distributed by the Division of Public Health (DPH) (\$7,900,600 annually); (b) benefits under the women, infants, and children (WIC) supplemental food program (\$1,824,000 annually); (c) project aids distributed by the Division of Health Care Financing (DHCF) (\$800,000 annually); and (d) DHFC project operations (\$447,600 annually). Funding reductions include support for: (a) project aids distributed by the Division of Disability and Elder Services (DDES) (-\$8,100,000 in 2007-08 and -\$10,600,000 in 2008-09); (b) program aids distributed by the Division of Children and Family Services (DCFS) (-\$417,200 in 2007-08 and -\$633,500 in 2008-09); (c) DCFS project operations (-\$346,700 in 2007-08 and \$346,100 in 2008-09); (d) DPH staff costs funded from the maternal and child health block grant (-\$334,900 annually); (e) local assistance administered by DDES (-\$344,900 in 2007-08 and -\$267,000 in 2008-09); and (f) aids funded from the community services block grant administered by DCFS (-\$129,800 annually).

5. ADMINISTRATIVE TRANSFERS

Governor/Joint Finance/Senate/Assembly: Provide \$37,300 (\$376,000 FED and -\$338,700 PR) in 2007-08 and \$9,100 (\$376,000 FED and -\$366,900 PR) in 2008-09 and convert 6.23 PR positions to 1.23 GPR positions and 5.00 FED positions in 2007-08 and 6.66 PR positions to 1.66 GPR positions and 5.00 FED positions in 2008-09 to reflect positions transfers in the 2005-07 biennium and to correct funding and position errors in 2005 Act 25.

	Funding	Positions
GPR	\$0	1.66
FED	752,000	5.00
PR	<u>- 705,600</u>	<u>- 6.66</u>
Total	\$46,400	0.00

6. STATE CONTROLLER'S OFFICE CHARGES

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$26,100 (\$29,200 FED and -\$55,300 PR) annually to reflect of reestimates of the amount of funding several program revenue and federal appropriations will be charged to process WISMART transactions through the state controller's office.

FED	\$58,400
PR	<u>- 110,600</u>
Total	<u>- \$52,200</u>

Medical Assistance -- General

1. MEDICAL ASSISTANCE BASE REESTIMATE [LFB Paper 380]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$155,318,000	\$1,287,700	\$156,605,700
FED	241,543,500	18,522,400	260,065,900
SEG	<u>- 68,989,700</u>	<u>8,469,100</u>	<u>- 60,520,600</u>
Total	\$327,871,800	\$28,279,200	\$356,151,000

Governor: Provide \$47,198,300 (\$41,840,200 GPR, \$37,541,800 FED, and -\$32,183,700 SEG) in 2007-08 and \$280,673,500 (\$113,477,800 GPR, \$204,001,700 FED, and -\$36,806,000 SEG) in 2008-09 to reflect reestimates of the amount of funding needed to support MA in the 2007-09 biennium, based on current law. Of this amount, \$4,650,900 GPR in 2007-08 and \$3,362,700 GPR in 2008-09 would be provided to increase funding for community aids to reflect reestimates of MA-eligible claims the state makes under the Wisconsin Medicaid cost reporting (WIMCR) program.

Average Monthly Enrollment. DHFS projects that the average monthly enrollment will decrease from approximately 668,600 in 2005-06 to approximately 664,700 in 2006-07 (-3.3%), and increase to approximately 650,800 (0.6%) in 2007-08 and approximately 663,500 (2.0%) in 2008-09.

Rate Increases for Managed Care Providers. Although this item does not include rate increases for fee-for-service providers, it includes funding to support increases in capitation rates for managed care organizations to reflect changes in average service costs so that the estimated managed care discount rate would be maintained at current levels. The following table identifies, for each MA managed care program, the percentage increase in the capitation rate that would be budgeted under this item, and the (all funds) increase in total funding from the previous year that would be budgeted to support increases in capitation payments.

Managed Care Capitation Payments -- Funding for Increases

<u>Program</u>	<u>2007-08</u>		<u>2008-09</u>	
	<u>Percent Increase</u>	<u>Amount (All Funds)</u>	<u>Percent Increase</u>	<u>Amount (All Funds)</u>
AFDC/Health Start HMOs	3.4%	\$18,449,900	3.4%	\$17,112,700
Independent Care (I-Care) Program	5.0	7,857,600	5.0	14,315,400
SSI Managed Care	5.0	19,724,600	5.0	36,800,000
Wraparound Milwaukee and Children Come First	3.0	530,200	3.0	477,500
Program for All-Inclusive Care for the Elderly (PACE)/Wisconsin Partnership Program	4.0	2,685,600	4.0	9,020,700
Family Care CMOs	3.0	4,275,300	3.0	13,682,800

Federal Financial Participation Rate. The administration projects that Wisconsin's federal matching rate for MA benefits, or federal financial participation (FFP) rate, will increase from 57.52% in 2006-07, to 57.58% in 2007-08, and to 58.16% in 2008-09. This change is reflected in the base reestimate. Each state's FFP is based on a formula that compares the state's per capita income to national per capita income. The administration estimates that the projected increase in the FFP would decrease GPR benefits costs by approximately \$30.2 million in the 2007-09 biennium and increase FED matching funds by a corresponding amount.

Joint Finance/Senate/Assembly: Increase funding in the bill by \$17,165,800 (-\$6,844,400 GPR, \$16,468,400 FED and \$7,541,800 SEG) in 2007-08 and by \$11,113,400 (\$8,132,100 GPR, \$2,054,000 FED, and \$927,300 SEG) in 2008-09 to reflect the projected cost-to-continue MA benefits in the next biennium, based on current law. In addition, the 2007-09 opening general fund balance is increased by \$9,617,500 due to an estimated lapse of that amount in the 2006-07 MA benefits appropriation.

**Joint Committee on Finance
MA Base Funding and Cost to Continue
2007-09 Biennium**

	2006-07 <u>Base</u>	2007-08 <u>Total</u>	2008-09 <u>Total</u>	2007-08 Change to Base	2008-09 Change to Base
GPR	\$1,725,588,100	\$1,761,167,700	\$1,849,035,000	2.1%	7.2%
FED	2,639,684,500	2,693,694,700	2,845,740,200	2.1	7.8
SEG	<u>110,338,200</u>	<u>85,740,000</u>	<u>74,503,200</u>	-22.3	-32.5
Total	\$4,475,610,800	\$4,540,558,700	\$4,769,234,700	1.5%	6.6%

FFP Rate. The FFP rate is reestimated to be 57.58% in 2007-08 and 58.06% in 2008-09.

Average Monthly Enrollment. The following table identifies, by major eligibility group, the actual average monthly enrollment in 2005-06, and the projected enrollment for 2006-07, 2007-08, and 2008-09.

**Actual and Projected MA Enrollment, by Major Eligibility Group
Fiscal Years 2005-06 through 2008-09**

	2005-06 <u>Actual</u>	2006-07 <u>Estimate</u>	2007-08 <u>Estimate</u>	2008-09 <u>Estimate</u>	<u>% Change from Previous Year</u>		
					<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Elderly	36,600	34,800	33,600	32,200	-4.9%	-3.4%	-4.2%
Blind and Disabled	108,100	107,300	106,700	106,100	-0.7	-0.6	-0.6
Family Care	12,200	13,200	13,800	14,400	8.2	4.5	4.3
Community Waiver	23,500	23,500	24,100	24,400	0.0	2.6	1.2
Family MA	425,700	425,700	421,000	429,400	0.0	-1.1	2.0
Limited Benefit*	<u>62,500</u>	<u>64,100</u>	<u>67,100</u>	<u>72,700</u>	2.6	4.7	8.3
Total	668,600	668,600	666,300	679,200	0.0%	-0.3%	1.9%

*Includes individuals enrolled in the family planning waiver program, women who qualify for certain services following screenings they received under the well woman program or the family planning waiver program, and certain Medicare beneficiaries.

2. BADGERCARE BASE REESTIMATE [LFB Paper 381]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$14,117,900	-\$2,687,300	\$11,430,600
FED	51,591,400	-2,506,400	49,085,000
PR	<u>1,240,800</u>	<u>0</u>	<u>1,240,800</u>
Total	\$66,950,100	-\$5,193,700	\$61,756,400

Governor: Provide \$19,997,900 (\$2,902,500 GPR, \$16,710,500 FED, and \$384,900 PR) in

2007-08 and \$46,952,200 (\$11,215,400 GPR, \$34,880,900 FED, and \$855,900 PR) in 2008-09 to reflect the administration's estimates of the amount of funding needed to support BadgerCare in the 2007-09 biennium, based on current law. The Governor's proposal to expand BadgerCare ("BadgerCare Plus") is summarized as a separate item.

Enrollment. The administration projects that, under the current program, the average monthly enrollment would increase by approximately 2% to 96,000 in 2006-07, increase by 8.3% to approximately 104,000 enrollees in 2007-08, and increase by 6.2% to approximately 110,400 enrollees in 2008-09.

Average Cost Assumptions. The administration estimates that the average costs of providing services to children and adults who are not enrolled in health maintenance organizations (HMOs) will increase by 3.9% and 5.0%, respectively, in both 2007-08 and 2008-09. In addition, this item includes funding to support a 4.5% annual increase in capitation payments to HMOs in each year of the biennium.

Joint Finance/Senate/Assembly: Decrease funding in the bill by \$3,251,900 (-\$2,171,100 GPR and -\$1,080,800 FED) in 2007-08 and \$1,941,800 (-\$516,200 GPR and -\$1,425,600 FED) in 2008-09 to fund projected BadgerCare benefits costs in the 2007-09 biennium, based on current law.

The following table identifies base funding for BadgerCare benefits and the total funding that would be provided to reflect the BadgerCare base reestimate.

**Joint Committee on Finance
BadgerCare Base Funding and Cost to Continue
2007-09 Biennium**

	2006-07 <u>Base</u>	2007-08 <u>Total</u>	2008-09 <u>Total</u>	2007-08 Change to Base	2008-09 Change to Base
GPR	\$78,131,000	\$78,862,400	\$88,830,200	0.9%	13.6%
FED	130,861,100	146,490,800	164,316,400	11.9	22.8
PR	<u>7,250,900</u>	<u>7,635,800</u>	<u>8,106,800</u>	5.3	11.2
Total	\$216,243,000	\$232,989,000	\$261,253,400	7.7%	19.3%

The following table identifies actual and projected BadgerCare enrollment, based on the current estimates.

**Actual and Projected Average Monthly Enrollment, by Eligibility Group
Fiscal Years 2005-06 through 2008-09**

	2005-06 <u>Actual</u>	<u>Estimate</u>			<u>Percent Change</u>		
		<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Adults	64,500	66,700	72,100	76,500	3.4%	8.1%	6.1%
Children	<u>29,600</u>	<u>29,700</u>	<u>31,800</u>	<u>33,800</u>	0.3	7.1	6.3
Total	94,100	96,400	103,900	110,300	2.4%	7.8%	6.2%

3. SENIORCARE BASE REESTIMATE [LFB Paper 382]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$20,370,200	- \$11,036,000	\$9,334,200
FED	21,886,500	- 12,336,700	9,549,800
PR	<u>72,833,700</u>	<u>- 14,267,400</u>	<u>58,566,300</u>
Total	\$115,090,400	- \$37,640,100	\$77,450,300

Governor: Provide \$38,190,100 (\$4,094,900 GPR, \$4,996,500 FED, and \$29,098,700 PR) in 2007-08 and \$76,900,300 (\$16,275,300 GPR, \$16,890,000 FED, and \$43,735,000 PR) in 2008-09 to reflect the administration's estimates of the amount of funding needed to support SeniorCare in the 2007-09 biennium, based on current law.

Enrollment. SeniorCare enrollment has been affected by the January 1, 2006, implementation of the federal Medicare outpatient drug benefit program (Medicare Part D). The Medicare Part D program contains a provision that penalizes certain applicants who try to enroll in the program after May 15, 2006, if they have not been receiving coverage in a prescription drug program deemed to be creditable by the federal government. If an applicant does not have proof of participation in a creditable plan, the applicant is charged a higher monthly premium if the applicant decides to enroll in the Medicare Part D program. The SeniorCare program was deemed by the federal government to be a creditable plan. As a result, enrollment in the program increased dramatically in 2005-06 as many Wisconsin seniors wanted to insure that they have creditable coverage, should they desire to sign up for Medicare Part D in the future.

Most of the recent caseload growth is attributable to an increase in the number of enrollees with household income that exceeds 240% of the federal poverty level (FPL). The number of such enrollees grew from 3,591 at the end of June, 2005, to 15,540 at the end of June, 2006. Enrollees in this group are required to spend down to the 240% FPL level, and then pay an annual deductible of \$850 before they receive any program benefits. Many of the individuals who signed up for SeniorCare to avoid the future premium penalty in Medicare Part D are at such a high income level that they may never receive any program benefits.

Average Cost and Utilization Projections. The administration projects that the average cost per prescription will increase from \$44.88 in 2005-06 to \$47.83 in 2006-07, \$51.36 in 2007-08, and \$55.15 in 2008-09. Further, the administration projects that the average number of prescriptions per enrollee per week will decrease from the actual average of .95 in 2005-06, to .82 in 2006-07, and increase to .86 in 2007-08, and .90 in 2008-09.

Joint Finance/Senate/Assembly: Reduce funding in the bill by \$17,200,200 (-\$5,111,300 GPR, -\$5,568,900 FED, and -\$6,520,000 PR) in 2007-08 and by \$20,439,900 (-\$5,924,700 GPR, -\$6,767,800 FED, and -\$7,747,400 PR) in 2008-09 to reflect a reestimate of the costs to fully fund SeniorCare in the 2007-09 biennium.

The following table identifies base funding for SeniorCare benefits and the total funding that would be provided to reflect the SeniorCare base reestimate.

**Joint Committee on Finance
SeniorCare Base Funding and Cost to Continue
2007-09 Biennium**

	2006-07 <u>Base</u>	2007-08 <u>Total</u>	2008-09 <u>Total</u>	2007-08 Change to Base	2008-09 Change to Base
GPR	\$57,560,700	\$56,544,300	\$67,911,300	-1.8%	18.0%
FED	53,624,100	53,051,700	63,746,300	-1.1	18.9
PR	<u>44,146,000</u>	<u>66,724,700</u>	<u>80,133,600</u>	51.1	81.5
Total	\$155,330,800	\$176,320,700	\$211,791,200	13.5%	36.3%

It is projected that SeniorCare enrollment will average approximately 105,100 in 2007-08 and approximately 107,100 in 2008-09. The following table shows actual and projected average weekly enrollment for 2005-06 through 2008-09.

**Actual and Projected Average Monthly Enrollment, by Eligibility Group
Fiscal Years 2005-06 through 2008-09**

Adults Groups, By Benefit Level	2005-06 <u>Actual</u>	2006-07 <u>Estimate</u>	2007-08 <u>Estimate</u>	2008-09 <u>Estimate</u>	2006-07 Percent Chg.	2007-08 Percent Chg.	2008-09 Percent Chg.
0 to 160% FPL	51,600	53,800	48,700	49,700	4.3%	-9.5%	2.1%
160% to 200% FPL	22,200	25,700	24,700	25,100	15.8	-3.9	1.6
200% to 240% FPL	12,900	16,100	15,000	15,300	24.8	-6.8	2.0
>240% of FPL	<u>6,400</u>	<u>16,200</u>	<u>16,700</u>	<u>17,000</u>	153.1	3.1	1.8
Total	93,100	111,800	105,100	107,100	20.1%	-6.0%	1.9%

4. REPLACE GPR BASE MA FUNDING WITH SEG FUNDING BY CREATING AN IGT PROGRAM FOR UW PHYSICIAN SERVICES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$30,000,000	\$0	\$30,000,000
GPR	-\$30,000,000	\$0	-\$30,000,000
SEG	30,000,000	0	30,000,000
FED	0	40,000,000	40,000,000
Total	\$0	\$40,000,000	\$40,000,000

Governor: Reduce GPR funding for MA benefits by \$15,000,000 and increase SEG funding from the MA trust fund by a corresponding amount annually to reflect the net fiscal

effect of creating an intergovernmental transfer (IGT) program for services UW physicians provide to MA recipients. There are no statutory provisions in the bill relating to this item.

Joint Finance/Senate/Assembly: Direct the University of Wisconsin System to transfer \$15,000,000 annually from its PR appropriation for general operations receipts to the MA trust fund. Increase MA benefits funding by \$20,000,000 FED annually to reflect the intergovernmental transfer funding for services provided by UW physicians to MA recipients. This funding would be used to support supplemental rate increases to UW physicians for rendering services to MA recipients. Specify that this provision would no longer apply after June 30, 2011.

5. PHARMACY BENEFITS MANAGER

GPR	- \$15,000,000
FED	- 26,730,400
PR	1,858,400
Total	- \$39,872,000

Governor/Joint Finance/Senate/Assembly: Reduce funding for MA, BadgerCare, and SeniorCare benefits by \$13,140,400 (-\$5,000,000 GPR, -\$8,719,200 FED, and \$578,800 PR) in 2007-08 and by \$26,731,600 (-\$10,000,000 GPR, -\$18,011,200 FED, and \$1,279,600 PR) in 2008-09 to reflect the administration's estimates of savings that would result by contracting with a pharmacy benefits manager (PBM) to manage some aspects of pharmacy benefits for MA, BadgerCare, and SeniorCare fee-for-service recipients. DHFS issued a request for proposal (RFP) for this purpose on June 26, 2006. The PBM would be paid on a contingency fee basis and could not begin to provide benefits until the state receives approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. This item assumes that the PBM will begin providing managed pharmacy benefits in January, 2008.

Pharmacy Benefits Management Functions. The RFP indicates that the PBM would likely deliver some or all of the following functions: (a) prospective drug utilization review; (b) preferred drug list and supplemental rebate solicitation and negotiation; (c) prior authorization; (d) point-of-sale claims adjudication and payment; (e) rebate billing and collections; (f) retrospective drug utilization review; and (g) cost containment consultation and implementation.

Projected Savings Targets. Reduce funding for MA and BadgerCare benefits by \$6,453,300 (-\$2,684,800 GPR and -\$3,768,500 FED) in 2007-08 and by \$11,912,300 (-\$4,881,500 GPR and -\$7,030,800 FED) in 2008-09 and reduce funding for SeniorCare benefits by \$6,687,100 (-\$2,315,200 GPR, -\$4,950,700 FED, and \$578,800 PR) in 2007-08 and \$14,819,300 (-\$5,118,500 GPR, -\$10,980,400 FED, and \$1,279,600 PR) in 2008-09 to reflect the administration's estimates of projected savings targets associated with implementing a PBM for fee-for-service pharmacy benefits.

6. AUTOMATED HOME HEALTH PROVIDER MONITORING SYSTEM

GPR	- \$4,578,400
FED	- 6,742,100
Total	- \$11,320,500

Governor/Joint Finance/Senate/Assembly: Reduce funding by

\$3,360,200 (-\$1,337,000 GPR and -\$2,023,200 FED) in 2007-08 and by \$7,960,300 (-\$3,241,400 GPR and -\$4,718,900 FED) in 2008-09 to reflect the net effect of implementing an automated provider monitoring system that would document all hours worked by home health, private duty nursing, and personal care workers. The system would use real-time data to allow for monitoring and verification of the providers who deliver services. All personal care and home health workers would be required to check in and out when they deliver services in a recipient's home. The automated system would have a database that would interface with the claims submission system to minimize fraudulent billing.

Benefits Reduction. Reduce MA benefits funding by \$4,526,800 (-\$1,920,300 GPR and -\$2,606,500 FED) in 2007-08 and by \$9,053,500 (-\$3,788,000 GPR and -\$5,265,500 FED) in 2008-09 by \$13,580,300 (-\$5,708,300 GPR and -\$7,872,000 FED) to reflect the administration's estimate of savings that would result by implementing the system.

Administration. Provide \$1,166,600 (\$583,300 GPR and \$583,300 FED) in 2007-08 and \$1,093,200 (\$546,600 GPR and \$546,300 FED) to fund: (a) 1.0 contracted information specialist position to perform system administration tasks, such as loading enrollment, provider, and prior authorization information, correcting information in the system when a nurse fails to check out so the system can create and submit the claim (\$16,500 GPR and \$16,500 FED in 2007-08 and \$33,000 GPR and \$33,000 FED in 2008-09); and (b) operational costs, based on an estimated cost of \$0.35 per visit (\$256,800 GPR and \$256,800 FED in 2007-08 and \$513,600 GPR and \$513,600 FED in 2008-09); (c) start-up costs (\$300,000 GPR and \$300,000 FED in 2007-08); and (d) training costs (\$10,000 GPR and \$10,000 FED in 2007-08).

7. MA RETROACTIVE ELIGIBILITY REPAYMENTS

Governor/Joint Finance/Senate/Assembly: Repeal a provision that permits a health care provider to retain the difference between an amount an MA applicant or other person paid to the provider for an MA-eligible service (before the individual was determined to be retroactively eligible for MA) and the amount MA paid to the provider after the individual became retroactively eligible for MA. Instead, require the provider, upon receipt of the MA payment, to reimburse the recipient or other person for services provided to the recipient during the retroactive eligibility period, by the amount of the prior payment.

In addition, extend this repayment requirement to MA-eligible services received by individuals who qualify for MA based on medically needy standards (individuals who "spend down" to meet the program's income criteria). Current law only references categorically needy MA recipients with respect to these repayments.

Under current law, if an MA applicant is found to be eligible as a "categorically needy" recipient, he or she can be determined to be retroactively eligible for up to three months prior to application. If a provider billed that MA applicant for services provided during the retroactive period, the provider must submit claims for MA payment to DHFS. Upon receiving payment from DHFS, the provider must reimburse the MA recipient for the payment the recipient or

another person made to the provider for the services. However, the statute prohibits DHFS from requiring the provider to reimburse the recipient for more than the MA payment received by the provider from DHFS for the services.

The U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services has concluded that Wisconsin's current statute conflicts with a federal law that requires that MA providers accept MA payments as "payments in full."

8. DRUG COVERAGE FOR MA RECIPIENTS ELIGIBLE FOR MEDICARE PART D

Governor/Joint Finance/Senate/Assembly: Provide that, for individuals who are eligible for MA and Medicare Part D ("dual eligibles"), MA will not provide payment for any Medicare Part D drug, as defined under federal law, regardless of whether the individual is enrolled in Medicare Part D or whether, if the individual is enrolled, his or her Part D plan, as defined in federal law, covers the Part D drug. Under federal law, a "Part D drug" means any drug that is included in a Part D plan's formulary.

As of the January 1, 2006, states may no longer receive federal MA matching funds for outpatient prescription drugs for dual eligibles if those outpatient prescription drugs are defined as Part D drugs. Current state law requires that MA be the payer of last resort, so that any outpatient prescription drug charges for dual eligibles are first billed to Medicare Part D, but current state law also requires the MA program to cover dual eligibles outpatient prescription drugs. Therefore, the state is currently obligated to pay for a dual eligible recipient's outpatient prescription drugs if those drugs are either not on the recipient's Medicare Part D plan's formulary or if the recipient is not signed up for a Medicare Part D drug plan. Under the bill, all dual eligible individuals would receive outpatient prescription drug coverage through a Medicare Part D drug plan for all drugs covered under Medicare Part D. The bill would eliminate MA coverage of any Part D drug, whether or not the dual eligible recipient is enrolled in a Medicare Part D plan.

Under current federal law, states have the option to cover two classes of drugs -- barbiturates and benzodiazepines, both of which act as central nervous center depressants, that are currently excluded from Medicare Part D coverage. Wisconsin elected to cover these two classes of drugs and is permitted, under federal law, to receive federal MA matching funds for these drug classes. Under the bill, Wisconsin would continue to cover these classes of drugs for dual eligibles.

9. MA DISPROPORTIONATE SHARE HOSPITAL PAYMENTS -- MILWAUKEE GENERAL ASSISTANCE MEDICAL PROGRAM

Governor/Joint Finance/Senate/Assembly: Permit DHFS to distribute supplemental payments to a hospital that enters into an indigent care agreement, in accordance with an approved state MA plan, with relief agencies that administer the medical relief block grant, if DHFS determines that the hospital serves a disproportionate number of low-income patients

with special needs. Currently, DHFS is required to distribute supplemental funding to hospitals that enter into a contract to provide health care services that are supported by the relief block grant program.

Repeal the current requirement that, if an agency that administers the relief block grant program contracts with a private health care provider to provide health services under the relief block grant program, the contract provide that any supplemental hospital payments the provider receives be used to offset the liability of the administering agency for the costs of the health care provided under the contract.

Specify that this change would first apply to indigent care agreements entered into on the bill's general effective date.

These changes would conform the state's statutes to provisions relating to supplemental disproportionate hospital payments that are in the current MA hospital state plan. The U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services has required DHFS to make changes to the MA hospital state plan regarding supplemental disproportionate share payments to Milwaukee County providers under the county's general assistance medical program (GAMP) to conform to federal policy regarding these payments.

10. EXTEND MA OR BADGERCARE ELIGIBILITY FOR PARENTS FOLLOWING THE DEATH OF A CHILD

FED	131,400
PR	7,400
Total	\$210,200

Joint Finance/Senate/Assembly: Increase MA benefits funding by \$101,600 (\$34,500 GPR, \$63,000 FED and \$4,100 PR) in 2007-08 and \$108,600 (\$36,900 GPR, \$68,400 FED and \$3,300 PR) in 2008-09 to fund the estimated cost of permitting parents whose children die while they are enrolled in MA or BadgerCare to remain eligible for MA or BadgerCare for up to 90 days following the death of their child, in cases where the child's death would, under current law, lead to the loss of program eligibility for the parents.

Direct DHFS to request a waiver from the U.S. Department of Health and Human services to extend MA or BadgerCare coverage to these parents for 90 days after the death of their child, and authorize DHFS to implement any waiver that is granted.

11. PHYSICAL HEALTH RISK ASSESSMENT AND DISEASE MANAGEMENT

Joint Finance/Senate/Assembly: Direct DHFS to encourage all individuals who are enrolled in MA on or after the bill's general effective date to receive a physical health risk assessment as part of the first physical examination they receive while they are enrolled in the program.

In addition, require DHFS to develop and implement disease management programs for recipients that are similar to the programs developed and used by the Marshfield Clinic under the Physician Group Practice Demonstration Program authorized under federal law. Specify

that these programs would have at least the following characteristics: (a) the use of information science to improve health care delivery by summarizing a patient's health status and providing reminders for preventive measures; (b) educating health care providers on health care process improvement by developing best practice models; (c) improvement and expansion of care management programs to assist in standardization of best practices, patient education, support systems, and information gathering; (d) establishment of a system of provider compensation that is aligned with clinical quality, practice management, and cost of care; and (e) focus on patient care interventions for chronic conditions, to reduce hospital admissions.

12. SMOKING CESSATION PROGRAM

Joint Finance/Senate/Assembly: Require DHFS to create an incentive-based smoking cessation program for MA recipients. Specify that the program would incorporate elements of existing smoking cessation programs administered by the state. The emphasis of the program would be to have MA recipients stop smoking as soon as possible. Specify that the program would be operational six months after the effective date of the bill. Authorize DHFS to enter into an agreement with a another person to create or administer the program.

13. DISPENSING FEE INCREASE FOR CERTAIN GENERIC PRESCRIPTIONS

Joint Finance/Senate/Assembly: Require DHFS to provide pharmacies participating in the MA, BadgerCare, and SeniorCare programs an adjustment to the pharmacy dispensing fee to compensate for any reduction in the drug product cost reimbursement resulting from the implementation of the average manufacturing price (AMP) reimbursement standards for multi-source generic drug products imposed pursuant to the federal Deficit Reduction Act (DRA) of 2005.

Direct DHFS to apply for an amendment to the MA state plan to implement this change and specify that the increased dispensing fee, as determined by DHFS once the impact of the new limitation is assessed, would not be implemented unless the amendment is approved.

14. DEMONSTRATION WAIVER FOR HEALTH OPPORTUNITY ACCOUNTS UNDER BADGERCARE

Joint Finance/Senate/Assembly: Require DHFS to request a waiver from the Centers for Medicare and Medicaid Services (CMS) to participate in a demonstration project (as provided for under the federal Deficit Reduction Act of 2005) for health opportunity accounts under BadgerCare. Require DHFS to provide the Joint Committee on Finance with an implementation plan upon receiving CMS approval for the demonstration project, and require that the Committee approve the plan prior to implementation.

Medical Assistance -- Long-Term Care

1. FAMILY CARE PROVIDER CONTRACTS

Joint Finance/Senate/Assembly: Require DHFS to specify, as a provision of any contract DHFS enters into or renews after the effective date of the bill with a care management organization (CMO) to provide the Family Care benefit, that the CMO must allow any community-based residential facility (CBRF), residential care apartment complex (RCAC), community rehabilitation program, home health agency, day service provider, personal care provider, or nursing facility to serve as a contracted Family Care provider if: (a) the provider agrees to be reimbursed at the CMO's contract rate negotiated with similar providers for the same care, services, and supplies; and (b) the facility or organization meets all guidelines established by the CMO related to quality of care, utilization, and other criteria applicable to facilities or organizations under contract for the same care, services, and supplies.

2. DISABILITY OMBUDSMAN PROGRAM

Joint Finance/Senate/Assembly: Direct DHFS to provide \$190,000 (\$95,000 GPR and \$95,000 FED) in 2007-08 and \$525,000 (\$262,500 GPR and \$262,500 FED) in 2008-09 and each subsequent year to contract with an organization to provide ombudsman advocacy services to individuals enrolled in Family Care who are under the age of 60, or to their families and guardians. Funding for the provision would be provided by reallocating base funding budgeted for MA contracts.

Further, prohibit DHFS from contracting for these services with a county, or with any organization that contracts with the Department to provide services as a care management organization (CMO) or to manage an aging and disability resource center (ADRC). Require DHFS to include in the contract language identifying a goal of supporting a level of staffing through the contract equal to one ombudsman for every 2,500 Family Care enrollees under the age of 60.

3. MEDICAID ASSET TRANSFERS [LFB Paper 398]

GPR	-\$3,116,000
FED	-4,309,100
Total	-\$7,425,100

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$2,025,000 (-\$816,900 GPR and -\$1,208,100 FED) in 2007-08 and by \$5,400,100 (-\$2,299,100 GPR and -\$3,101,000 FED) in 2008-09 to reflect the net effect of implementing new federal restrictions on asset transfers for MA eligible individuals enacted as part of the federal Deficit Reduction Act of 2005 (the DRA).

MA Benefits Funding. Reduce MA benefits funding by \$2,625,000 (-\$1,116,900 GPR and -\$1,508,100 FED) in 2007-08 and \$5,500,100 (-\$2,349,100 GPR and -\$3,151,000 FED) in 2008-09 to

reflect projected savings to the MA program because some individuals' eligibility for MA will be delayed due to changes in federal divestment restrictions.

CARES System Changes. Provide \$500,000 (\$250,000 GPR and \$250,000 FED) in 2007-08 to fund changes to the client assistance for reemployment and economic support (CARES) system that county income maintenance staff use to make MA eligibility determinations.

Income Maintenance (IM) Funding to Counties. Provide \$100,000 (\$50,000 GPR and \$50,000 FED) annually to increase IM allocations to counties to fund additional staff time to review MA applications from individuals who may require long-term care services to ensure those applications comply with the new federal requirements.

Statutory Changes

Make the following changes to bring state law into compliance with federal law changes to MA made in the DRA: (a) extend the look-back period for reviewing the assets of MA applicants from three years to five years; and (b) modify the starting date of any applicable penalty period from the first day of the month in which the asset was transferred to either the first day of the month during or after which the assets had been transferred, or the date on which the individual is eligible for MA and would otherwise be receiving institutional-level care, whichever is later, and that does not occur during any other period of ineligibility related to other divestments. In accordance with federal law, specify that these provisions apply to transfers of assets that occurred on or after February 8, 2006. Assets transferred prior to February 8, 2006, would be subject to previous regulations, including a look-back period of three years (rather than five), and the penalty period commencing from the date of the divestment, rather than the later penalty period specified in the bill.

Prohibit the rounding down of partial months when determining penalty periods for divestments that occurred on or after February 8, 2006. Prohibit DHFS from rounding down the quotient, or otherwise disregard a fraction of a month when determining the length of a penalty period.

Disqualify individuals from eligibility for MA-funded long-term care services if the equity in their home and the land used and operated in connection with the home exceeds \$750,000, unless their spouse, child under the age of 21, or disabled child is living in the home. Under current law, a person's home is not counted when an individual's income and resources for MA eligibility are determined, regardless of value.

If an individual resides in a continuing care or life care community at the time that they apply for MA eligibility, specify that any entrance fee paid upon admission to the community is considered to be a resource available to the individual to the extent that all of the following apply: (a) the person has the ability to use the entrance fee to pay for care if the person's other resources or income are insufficient; (b) the person is eligible for a refund of any remaining entrance fee when the person dies or terminates their contract and leaves the community; and (c) the entrance fee does not confer an ownership interest in the community. Provide that a

continuing care contract may require that, before a resident applies for MA they must spend the resources declared for purposes of admission to the facility on their care.

Provide that the purchase of a loan, promissory note, or mortgage by an individual or their spouse after February 8, 2006, is a transfer of assets for less than fair market value unless all of the following apply: (a) the repayment term is actuarially sound; (b) the payments are to be made in equal amounts during the term of the loan, with no deferral and no balloon payment; and (c) cancellation of the balance upon the death of the lender is prohibited. Specify that the value of the loan, promissory note, or mortgage that does not meet these requirements is the outstanding balance due on the date that the individual applies for MA for nursing facility or other long-term care services.

Provide that the purchase of a life estate in another individual's home by an individual or their spouse after February 8, 2006, is a transfer of assets for less than fair market value unless the purchaser resides in the home for at least one year after the date of the purchase.

Further, provide that as a condition of receiving MA for long-term care services, an applicant (when applying) or a recipient (when recertifying) must disclose any interest they or their spouse have in an annuity that was purchased on or after February 8, 2006, or an annuity purchased before February 8, 2006, for which a transaction occurred on or after February 8, 2006, regardless of whether the annuity is irrevocable or is treated as an asset. Provide that the application or recertification form include a statement that the state becomes a remainder beneficiary under any such annuity in which the individual or their spouse has an interest by virtue of the provision of MA. Require the individual to take action within 30 days from the time DHFS receives their application or recertification to make the state a remainder beneficiary. Direct DHFS to notify the issuer of an annuity disclosed by applicants and recipients of the state's right as a remainder beneficiary, and request that the insurer notify DHFS of any changes to or payments made under the annuity contract. Require that an insurer who receives such a request must comply, and notify DHFS of any changes to or payments made under the annuity contract.

Specify that the purchase of an annuity by an institutionalized individual or their community spouse (or anyone acting on their behalf) on or after February 8, 2006, will not be treated as a divestment if any of the following apply: (a) the state is named as the remainder beneficiary in the first position for at least the total amount of MA benefits paid on behalf of the institutionalized individual; or (b) the state is named as a beneficiary in the second position behind a community spouse, a minor, or a disabled child and the state is named in the first position if the spouse or the child's representative disposes of any remainder for less than fair market value.

An annuity purchased on or before February 8, 2006, by or on behalf of an individual who has applied for MA for nursing facility or other long term care services may be considered a transfer of assets for less than market value unless either of the following apply: (1) the annuity is either an annuity described in section 408 (b) or (q) of the Internal Revenue Code (generally individual and qualified employer retirement annuities), or was purchased with the proceeds of

an account or trust described in section 408 (a), (c), or (p) of the Internal Revenue Code (generally personal, employer-sponsored, or simple retirement accounts), or the proceeds of a simplified employee pension (described in section 408 (k) of the Internal Revenue Code), or the proceeds from a Roth IRA; or (2) the annuity is irrevocable and non-assignable, actuarially sound, and provides for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments made.

Provide that provisions regarding the treatment of annuities apply both to annuities purchased on or after February 8, 2006, and to annuities purchased before February 8, 2006, for which a transaction has occurred on or after February 8, 2006. Define a "transaction" as it relates to divestment as any action that changes the course of payments to be made or the treatment of income or principal of an annuity, including all of the following: (a) an addition of principal; (b) an elective withdrawal; (c) a request to change the distribution of the annuity; (d) an election to annuitize the contract; and (e) a change in ownership. Define a "community spouse" as the spouse of either the institutionalized person or the non-institutionalized person.

Require DHFS to establish a hardship waiver process under which the divestment rules would not apply to a person because it would result in undue hardship for the person, and allows DHFS to pay the full nursing facility payment rate for up to 30 days to hold a bed in the facility for a person involved in a pending undue hardship determination. Specify that "undue hardship" exists if the finding of ineligibility as a result of divestment or the imposition of a penalty period would deprive the individual of medical care to the extent that the individual's health or life would be endangered, or would deprive the individual of food, clothing, shelter, or other necessities of life. Specify that a facility in which the individual resides is permitted to file an application for undue hardship on behalf of the individual with their consent, or the consent of their authorized representative.

Provide that changes related to determining eligibility (including home equity limits, the inclusion of certain entry fees paid to continuing care communities as available resources, and the disclosure of annuities) would first apply to individuals who apply for or are recertified for MA upon the effective date of the bill.

Provide that divestment changes (including extending the look back period from three to five years, eliminating the rounding down of partial months when determining penalty periods, the effective date of the penalty period, the requirement to name the state as a beneficiary to certain annuities, standards for annuities to not be considered transfers of assets for less than fair market value, standards for the purchase of notes, loans, or mortgages to not be considered divestments, and changes to regulations regarding the purchase of life estates) would first apply to individuals who apply for or are receiving MA for nursing facility or other long-term care services on the effective date of the bill.

Provide that the remaining provisions would take effect on October 1, 2007, or on the first day of the fourth month beginning after the publication of the bill, whichever is later.

4. LICENSE FEES FOR CBRFS AND ADULT FAMILY HOMES [LFB Paper 437]

Governor: Authorize DHFS to establish biennial license fees for adult family homes and biennial license fees for community-based residential facilities (CBRFs), including CBRF per resident fees, by rule. Direct DHFS to submit rules to implement the fees to the Legislative Council staff no later than November 1, 2007. Under current law, the following fees are established by statute: (a) for an adult family home, a biennial fee of \$135; (b) for a CBRF, a biennial fee of \$306, plus a biennial fee of \$39.60 per resident.

Joint Finance/Senate/Assembly: Delete provision.

5. REPEAL GROUP HOME REVOLVING LOAN FUND

Governor/Joint Finance/Senate/Assembly: Repeal provisions that require DHFS to establish and continue a revolving fund to make two-year loans of up to \$4,000 each to applying nonprofit organizations for the costs of establishing programs to provide housing for groups of individuals who are recovering from alcohol or other drug abuse. Repeal a program revenue appropriation that receives repayments from loans, and interest on the loans, and from which loans are made. Base funding for the program (\$100,000 PR annually) would be deleted as part a program revenue funding adjustments item.

6. PARENTAL FEES FOR DISABLED CHILDREN'S LONG-TERM CARE WAIVER SERVICES

Governor/Joint Finance/Senate/Assembly: Specify that a county may retain fees it collects for services it provides under the disabled children's long-term support (CLTS) program, when the county provides these services without the benefit of state funding. In addition, define the disabled children's long-term-term support program in statute as being the programs authorized in nonstatutory provisions contained in 2001 Wisconsin Act 16 and 2003 Wisconsin Act 33, and delete current statutory references to the nonstatutory provisions in these acts.

While the income of the parents of a child receiving services under the long-term care waiver is not considered when determining the child's eligibility for MA, families may be required to contribute to the cost of services. Fees are assessed for families at or above 330% of the federal poverty level (FPL), beginning at one percent of the service costs and increasing up to a maximum of 41% of service costs for families with incomes over 2000% of the FPL. While some state funding is provided to support waiver services to individuals participating in the program, counties may also create waiver slots by supplying the local match to obtain federal MA matching funds. As of July 1, 2006, there were 95 state-matched slots and 515 locally-

matched slots. However, under current statutes, all revenue counties collect from parental fees, regardless of whether the child is in a state-matched slot or a locally-matched slot, is credited to a DHFS program revenue appropriation that supports DHFS operations costs relating to the program.

7. CHILDREN'S LONG-TERM CARE SERVICES (CLTS) FUNDING

Joint Finance/Senate/Assembly: Transfer funding budgeted from MA benefits to the budget for MA waiver programs -- \$4,714,800 (\$2,000,000 GPR and \$2,714,800 FED) in 2007-08 and \$4,767,600 (\$2,000,000 GPR and \$2,767,600 FED) in 2008-09 from funds budgeted for MA benefits to increase funding available to serve individuals under the children's long-term support program.

The CLTS program operates under three waivers MA home- and community-based waivers. These waivers include: (a) the children's developmental disability waiver for children who meet the ICF-MR level of care; (b) the children's mental health waiver for children who meet the psychiatric hospital or severe emotional disturbance level of care; and (c) the children with physical disabilities waiver for children with hospital, intensive skilled nursing, skilled nursing, and intermediate care facility levels of care. Base funding of approximately \$2.5 million (all funds) annually for the program (which is estimated to support approximately 143 slots budgeted at \$48.42 per day) is included in the bill.

8. VETERANS AFFAIRS NURSE STIPEND PROGRAM [LFB Paper 835]

SEG	- \$87,400
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Joint Finance/Senate/Assembly: Delete \$43,700 SEG annually to transfer the source of funding for the nurse stipend program from veterans trust fund SEG to a new program revenue appropriation supported by medical assistance payments for institutional operations at the veterans homes. The expenditure increase is budgeted under the Department of Veterans Affairs (DVA). Repeal the DHFS appropriation that supports DVA's nurse stipend program.

Under the nurse stipend program, the DVA provides stipends to individuals to attend school and receive the necessary credentials to become employed at the Veterans Home at King or the Southern Wisconsin Veterans Retirement Center at Union Grove. Recipients are required to work for DVA for one year for each year that they received a stipend.

Medical Assistance -- Administration and FoodShare

1. INCOME MAINTENANCE -- ELIGIBILITY DETERMINATIONS

GPR	- \$4,132,200
FED	- 5,855,500
Total	- \$9,987,700

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$1,366,000 (-\$529,400 GPR and -\$836,600 FED) in 2007-08 and by \$8,621,700 (-\$3,602,800 GPR and -\$5,018,900 FED) in 2008-09 to reflect the administration's estimate of the net effect of implementing several changes that would improve accuracy of MA income eligibility determinations.

Verify Income for Elderly, Blind and Disabled MA Recipients. Provide: (a) \$50,000 (\$25,000 GPR and \$25,000 FED) in 2007-08 to make one-time programming changes in CARES; and (b) \$250,000 (\$125,000 GPR and \$125,000 FED) in 2007-08 and \$500,000 (\$250,000 GPR and \$250,000 FED) in 2008-09 to increase county income maintenance contracts to support additional work county staff would incur to implement a new income verification policy for these recipients. The new policy would use automated third party data exchanges when current information is available or it would require an applicant to supply documentation when a data exchange is not available.

Reduce funding for MA benefits by \$546,400 (-\$232,500 GPR and -\$313,900 FED in 2007-08 and \$6,712,300 (-\$2,866,800 GPR and -\$3,845,500 FED) in 2008-09 to reflect the projected savings that would result from implementing the new income verification procedures. This item assumes an implementation date of January, 2008.

MA Deductible Policy Modifications. Provide: (a) \$100,000 (\$50,000 GPR and \$50,000 FED) in 2007-08 to make one-time programming changes in CARES; and (b) \$50,000 (\$25,000 GPR and \$25,000 FED) in 2007-08 and \$100,000 (\$50,000 GPR and \$50,000 FED) in 2008-09 to increase county income maintenance contracts to support additional work county staff would incur to reflect changes to the MA deductible policy. DHFS would establish reasonable limits on allowable individual medical and remedial expenses and only allow insurance premiums to be counted toward the deductible once the premiums is paid, instead of on a prospective basis, as under current policy.

Reduce funding for MA benefits by \$765,000 (-\$325,500 GPR and -\$439,500 FED in 2007-08 and \$1,500,000 (-\$640,700 GPR and -\$859,400 FED) in 2008-09. This item assumes an implementation date of January, 2008.

Income Maintenance Payment Accuracy Consultants. Provide \$245,400 (\$122,700 GPR and \$122,700 FED) in 2007-08 and \$490,800 (\$245,400 GPR and \$245,400 FED) in 2008-09 to maintain funding for consultants that currently conduct activities to improve payment accuracy for Wisconsin's FoodShare program, and to expand their responsibilities to include improving payment accuracy for the MA program. Funding for these consultants, which was initially

provided with GPR funds under an agreement with the U.S. Department of Agriculture as part of a food stamp reinvestment plan, will no longer be available after September, 2007.

Reduce funding for MA benefits by \$750,000 (-\$319,100 GPR and -\$430,900 FED) in 2007-08 and \$1,500,000 (-\$640,700 GPR and -\$859,400 FED) in 2008-09 to reflect projected savings that would result by using these consultants to improve accuracy in MA eligibility determinations.

**2. INCOME MAINTENANCE -- CITIZENSHIP AND IDENTITY
VERIFICATION [LFB Paper 405]**

GPR	\$754,600
FED	754,600
Total	\$1,509,200

Governor/Joint Finance/Senate/Assembly: Provide \$754,600 (\$377,300 GPR and \$377,300 FED) annually to fund costs DHFS expects county and tribal income maintenance agencies to incur to implement new federal citizenship and identity documentation requirements included in the Deficit Reduction Act of 2005 [P.L. 109-171 (DRA)].

Modify state MA eligibility provisions to require each MA, BadgerCare, and SeniorCare applicant or recipient who declares himself or herself to be a citizen or national of the United States to provide, as a further condition of eligibility, satisfactory documentary evidence, as specified in federal regulations, that he or she is a citizen or national of the United States. Require each applicant to provide the documentation at the time of application. Specify that if a recipient was not required to provide documentation at the time he or she applied, the recipient is required to provide the documentation the first time his or her eligibility is reviewed or redetermined after the bill's general effective date. Provide that an applicant or recipient must be granted a reasonable time, as determined by DHFS, to submit the documentation before his or her eligibility is denied or terminated.

Specify that these requirements would apply to MA applicants and recipients except: (a) an applicant or recipient who is entitled to benefits under, or enrolled in, any part of Medicare; (b) an applicant or recipient who receives supplemental security income (SSI); (c) certain aliens that receive limited MA-funded emergency services; (d) a child under the age of one who is eligible for MA because the child's mother was eligible as a pregnant woman with family income that did not exceed 185% of the federal poverty level, and the child continues to live with the mother; and (e) a pregnant women is eligible for MA due to a presumptive eligibility determination.

The DRA imposed a new requirement for MA clients and applicants to provide documentation of both their U.S. citizenship and identity to receive MA, BadgerCare, SeniorCare benefits. Prior to the enactment of the DRA, counties and tribes did not verify the citizenship and identity of applicants except in cases where information provided by an applicant appeared questionable. Interim federal regulations specify the procedure that IM staff must follow to verify each application. For proof of citizenship, applicants and recipients must provide a passport, certificate of naturalization, or proof of birth overseas to a U.S. diplomat. If they cannot produce any of those items, they must provide a birth certificate. For proof of

identity, they must provide a driver's license, state-issued identification card, or school-issued identification card.

Current clients, including children, must produce the documentation at their next annual eligibility review, and new applicants must do so with their applications. If an applicant or current recipient cannot provide the required documents due to inability to pay for the documents, the local agencies are required to pay for the documents.

This item would provide funding to support county and tribal income maintenance staff workload to document citizenship and identity for an estimated 120,000 MA applicants per year and to pay for birth certificates or identity cards for approximately 4,500 applicants who may not be able to purchase those documents. This item would also provide counties \$76,500 (\$38,300 GPR and \$38,200 FED) to pay for birth certificates or identity documentation for the new applicants who may not be able to pay for the documents.

3. INCOME MAINTENANCE FUNDING -- PUBLIC UTILITY BENEFITS

SEG	- \$1,909,000
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Governor/Joint Finance/Senate/Assembly: Reduce funding by \$954,500 annually to delete funding that was provided in 2005 Act 25 on a one-time basis from the segregated public utility public benefits fund to support income maintenance contracts in calendar year 2006. Act 25 repealed the appropriation, effective June 30, 2007.

4. ELIGIBILITY DETERMINATIONS -- EXEMPTION FROM SSN REQUIREMENT

Governor/Joint Finance/Senate/Assembly: Exempt an individual who applies for MA, BadgerCare, and SeniorCare who refuses to obtain a social security number (SSN) because of well-established religious objections, as defined in federal law, from the requirement that he or she provide proof of their social security numbers or that an application for a social security number has been made. Specify that this provision would first apply to applications received on the bill's general effective date.

Under current law, there are two exceptions to the SSN requirement: (a) a child who is under one year of age and who is born to a pregnant woman eligible for MA; and (b) an unborn child who receives prenatal care benefits under BadgerCare.

5. AUTOMATED INSURANCE PAYMENT INTERCEPT PROGRAM [LFB Paper 409]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	-\$3,382,800	\$3,382,800	\$0
FED	-4,697,300	4,697,300	0
PR	<u>1,455,900</u>	<u>-1,455,900</u>	<u>0</u>
Total	-\$6,624,200	\$6,624,200	\$0

Governor: Reduce funding for MA benefits by \$2,164,800 (-\$1,116,600 GPR, -\$1,533,500 FED, and \$485,300 PR) in 2007-08 and by \$4,459,400 (-\$2,266,200 GPR, -\$3,163,800 FED, and \$970,600 PR) in 2008-09 to reflect the administration's estimate of additional MA recoveries that would be realized by implementing an automated insurance claim payment intercept program.

Funding

Under this item, DHFS would pay a contractor to implement a system under which insurers would submit claims information to a data exchange.

Benefits Savings. Reduce funding for MA benefits by \$2,264,800 (-\$1,166,600 GPR, -\$1,533,500 FED and \$485,300 PR) in 2007-08 and \$4,529,400 (-\$2,301,200 GPR, -\$3,198,800 FED and \$970,600 PR) in 2008-09 to reflect the administration's estimates of savings to the MA program resulting from implementing the program.

Administrative Cost. Provide \$100,000 (\$50,000 GPR and \$50,000 FED) in 2007-08 and \$70,000 (\$35,000 GPR and \$35,000 FED) in 2008-09 to fund implementation costs.

Statutory Changes

Establish an insurance payment intercept program for individuals who have been placed on the child support lien docket and for whom an insurance claim of \$500 or more is to be paid.

Require insurers that are authorized to do business in the state, before paying an insurance claim of \$500 or more to any individual, to: (a) verify with DHFS, in a manner required by DHFS, whether the individual to whom the claim is to be paid has a MA liability; and (b) check the statewide support lien docket to determine whether the individual to who the claim is to be paid has a support liability.

Provide that, if the individual to whom a claim of \$500 or more is to be paid has a support liability or a MA liability, or both, require the insurer to distribute the claim proceeds as follows:

- First, if there is no support liability, to DWD to pay the support liability, up to the amount of the support liability or the amount of the claim, whichever is less;
- Next, if there is an MA liability, to DHFS to pay the MA liability, up to the amount of the MA liability or the amount of the claim proceeds remaining, whichever is less.
- Last, to the individual, the remainder of the claim proceeds, if any.

Require DHFS to promulgate rules relating to the program, including procedures for insurers to follow and any notice and hearing requirements. Permit DHFS to promulgate the rules as emergency rules without a finding of emergency.

Define "medical assistance liability" as the amount that DHFS may recover for incorrect overpayments, recovery of incorrect payments by public assistance programs, and third party liability for services provided to MA recipients. Define "support liability" as an amount that is entered in the statewide support lien docket.

Specify that, if any insurance policy that is in effect on the bill's general effective date contains a provision that is inconsistent with these provisions, the provisions would first apply to that policy on the date on which it is renewed.

The child support lien docket contains the name, social security number, the amount of the lien, and the date the entry was made for obligors whose child support arrearages exceed a certain amount, currently \$500. Examples of incorrect payments under MA are payments made: (a) as a result of a misstatement or omission of fact by a person supplying information in an application for benefits; (b) due to the failure of a person to report the receipt of income or assets in a amount that would have affected a recipient's eligibility for benefits; or (c) due to the failure of a person to report changes in a recipient's financial or non-financial situation or eligibility characteristic's that would have affected the recipient's eligibility for benefits or his or her cost-sharing requirements.

Joint Finance/Senate/Assembly: Delete provision.

6. MA FALSE CLAIM RECOVERIES -- RETAIN GREATER PERCENTAGE FOR CERTAIN COLLECTIONS

GPR	- \$1,926,900
FED	<u>1,483,600</u>
Total	- \$443,300

Governor/Joint Finance/Senate/Assembly: Reduce GPR funding for MA benefits by \$580,900 and increase FED funding for MA benefits by a corresponding amount in 2007-08 and reduce funding for MA benefits by \$443,300 (-\$1,346,000 GPR and \$902,700 FED) in 2008-09 to reflect the administration's estimate of the net effect of provisions enacted as part of the federal Deficit Reduction Act of 2005 (DRA) relating to MA false claims recoveries.

Under the DRA, if a state has a qualifying false claims statute, the federal MA matching rate with respect to any amounts recovered under a state action brought under the law is decreased by 10%. This change permits states to retain a greater share these recoveries. The administration assumes that the state will retain a greater share of approximately 2.5% of recoveries in 2007-08 and 5.0% of recoveries in 2008-09.

(The Governor's proposal regarding false claims is summarized under General Provisions. The Joint Committee on Finance modified the Governor's statutory changes to that they would apply only to MA providers.)

7. PROVIDER AUDITS

	Funding	Positions
GPR	-\$793,400	1.25
FED	-821,000	3.75
Total	-\$1,614,400	5.00

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$673,200 (-\$334,100 GPR and -\$339,100 FED) in 2007-08 and \$941,200 (-\$459,300 GPR and -\$481,900 FED) in 2008-09 to reflect the net effect of: (a) funding 5.0 additional nurse auditor positions (1.25 GPR positions and 3.75 FED positions), beginning in 2007-08, to increase the number of specialized audits and to conduct additional MA provider audits within the Bureau of Health Care Program Integrity; and (b) estimated benefits savings to the MA program of conducting these additional audits.

Positions. Provide \$340,300 (\$95,800 GPR and \$244,500 FED) in 2007-08 and \$410,200 (\$106,100 GPR and \$304,100 FED) in 2008-09 to reflect the cost of providing 5.0 additional nurse auditor positions to conduct MA provider audits. As skilled medical professional personnel, 75% of the costs of these positions would be supported with federal MA matching funds. The Bureau currently employs 10.5 financial auditors and 8.0 nurse auditors.

Benefits Savings. Reduce MA benefits funding by \$1,013,500 (-\$429,900 GPR and -\$583,600 FED) in 2007-08 and by \$1,351,400 (-\$565,400 GPR and -\$786,000 FED) in 2008-09 to reflect the administration's estimates of savings that would be realized through reductions in improper MA payments and increases in recoveries in improper payments, based on current estimates of the average amount of detection and recoveries for which each current auditor position is responsible (approximately \$270,300 per year per position).

8. MEDICAID THIRD PARTY LIABILITY

GPR	-\$192,500
FED	-280,800
Total	-\$473,300

Governor/Joint Finance/Senate/Assembly: Reduce funding for MA and BadgerCare benefits by \$473,300 (-\$192,500 GPR and -\$280,800 FED) in 2008-09 to reflect projected net savings of implementing new third party liability (TPL) requirements included in the federal Deficit Reduction Act of 2005 [P.L. 109-171 (DRA)]. The DRA requires self-insured plans (health benefits plans previously exempt under the Department of Labor's Employee Retirement Income Security Act of 1974), managed care organizations, pharmacy benefits managers, and "other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service" to submit policy and coverage information to state MA programs. State statutes require DHFS to reimburse insurance companies for the reasonable cost of providing the required information. DHFS expects that the additional information will enable the MA program to identify more cases in which private insurers or other entities are liable for the cost of care for MA and BadgerCare recipients.

Benefits. Reduce funding for MA and BadgerCare benefits by \$533,300 (-\$222,500 GPR and -\$310,800) in 2008-09 to reflect projected savings in benefits costs.

Reimbursements. Provide \$60,000 (\$30,000 GPR and \$30,000 FED) in 2008-09 for DHFS to reimburse companies for the additional costs they will incur in providing coverage information.

Statutory Provisions

Definitions. Define a "covered entity" as any of the following that is not an insurer: (a) a nonprofit hospital, as defined by statute; (b) an employer, as defined in statute, labor union, or other group of persons organized in this state if the employer, labor union, or other group provides prescription drug coverage to covered individuals who reside or are employed in this state; and (c) a comprehensive or limited health care benefits program administered by the state that provides prescription drug coverage.

Define a "covered individual" as an individual who is a member, participant, enrollee, policyholder, certificate holder, contract holder, or beneficiary of a covered entity, or a dependent of the individual, and who receives prescription drug coverage from or through the covered entity.

Define "pharmacy benefits management" as the procurement of prescription drugs at a negotiated rate for dispensation in this state to covered individuals; the administration or management of prescription drug benefits provided by a covered entity for the benefit of covered individuals; or any of the following services provided in the administration of pharmacy benefits: (a) dispensation of prescription drugs by mail; (b) claims processing, retail network management, and payment of claims to pharmacies for prescription drugs dispensed to covered individuals; (c) clinical formulary development and management services; (d) rebate contracting and administration; and (e) conduct of patient compliance, therapeutic intervention, generic substitution, and disease management programs.

Define a "pharmacy benefits manager" as a person that performs pharmacy benefits management functions.

Define a "recipient" as an individual or his or her spouse or dependent who has been or is one of the following: (a) an MA recipient or a recipient of a program administered under a waiver of federal MA laws; (b) a Family Care enrollee; (c) a BadgerCare enrollee; (d) an individual who receives benefits for the treatment of kidney disease, cystic fibrosis aids, or hemophilia services under the state's disease aids program; (e) a SeniorCare recipient; and (f) a woman who receives services that are reimbursed under the Wisconsin well-woman program.

Define a "third party" as an entity that by statute, rule, or contract is responsible for payment of a claim for a health care item or service, including all of the following: (a) an insurer; (b) an employee benefit plan as defined by federal law that is not exempt under federal law and is not a multiple employer welfare arrangement; (c) a service benefit plan, as specified in federal law; and (d) a pharmacy benefits manager.

Change current statutory references from "insurers" to "a third party" with regard to providing DHFS with requested information, and provide that if a third party other than an insurer fails to comply with disclosure and accepting assignment, as defined above, DHFS could notify the Attorney General.

Third Party Requirements. Require, as a condition of doing business in Wisconsin, a third party to do all of the following:

a. Upon DHFS' request and in the manner prescribed by DHFS, provide information to DHFS necessary for DHFS to ascertain all of the following with respect to a recipient: (1) whether the recipient is being, or has been provided coverage or a benefit or service by a third party; and (2) if so, the nature and period of time of any coverage, benefit, or service provided, including the name, address, and identifying number of any applicable coverage plan;

b. Accept assignment to DHFS of a right of a recipient to receive third-party payment for an item or service for which payment under MA has been made and accept DHFS' right to recover any third-party payment made for which assignment has not been accepted;

c. Respond to an inquiry by DHFS concerning a claim for payment of a health care item or service if DHFS submits the inquiry less than 36 months after the date on which the health care item or service was provided;

d. If all of the following apply, agree not to deny a claim submitted by DHFS under (b) solely because of the claim's submission date, the type or format of the claim form, or failure by a recipient to present proper documentation at the time of delivery of the service, benefit, or item that is the basis of the claim: (1) DHFS submits the claim less than 36 months after the date on which the health care item or service was provided; and (2) action by the DHFS to enforce DHFS' rights with respect to the claim is commenced less than 72 months after DHFS submits the claim.

Sharing Information. Require DHFS to provide to the Department of Workforce Development (DWD), for purposes of the medical support liability program, any information that DHFS receives under these provisions. Permit DWD to allow a county child support agency or a tribal child support agency access to the information, subject to the use and disclosure restrictions defined in statute, and require DWD to consult with DHFS regarding procedures and methods to adequately safeguard the confidentiality of the information provided under these provisions.

Require DHFS to obtain and share information about BadgerCare recipients, Family Care recipients, individuals who receive benefits under the disease aids program, SeniorCare recipients, and individuals who receive benefits under the Wisconsin Well-Woman program.

Finally, require DHFS to obtain and share information about Family Care recipients in the same manner as currently provided in the statutes for MA recipients.

9. MEDICARE-MEDICAL ASSISTANCE FRAUD DETECTION

Governor/Joint Finance/Senate/Assembly: Reduce MA benefits funding \$260,400 (-\$119,700 GPR, -\$160,500 FED and \$19,800 PR) in 2008-09 to reflect projected savings in MA benefits costs that would result from better coordinating

GPR	- \$119,700
FED	- 160,500
PR	19,800
Total	- \$260,400

Medicare and MA program integrity activities. Under federal law, the MA program must have the capacity to detect and investigate suspected fraud, waste, and abuse within the program. This function is currently provided by the provider compliance audit program through the Bureau of Health Care Program Integrity and is limited to MA claims only. Currently, the MA program is unable to review claims submitted to and paid by the Medicare program. Under this item, DHFS would contract with an entity on a contingency fee basis (\$19,800 PR in 2008-09) to conduct Medicare-MA billing comparisons and identify and recover overpayments.

10. PERFORMANCE-BASED CONTRACTS -- AUTHORITY TO EXPEND REVENUE TO SUPPORT COLLECTIONS AND RECOVERY COSTS

Governor/Joint Finance/Senate/Assembly: Modify a current program revenue appropriation, which receives moneys the state collects from the MA estate recovery program and supports costs relating to the estate recovery program, payments to the federal government for its share of MA benefits recovered, and to partially support the state's share of MA benefits, to: (a) also include, as a revenue source to the appropriation, all moneys DHFS receives as collections, and other recoveries from providers, drug manufacturers, and other third-parties under MA performance-based contracts; and (b) authorize DHFS to expend funding from the appropriation for costs related to collections and other recoveries.

Health

1. PAYMENT OF MEDICARE PART D PREMIUMS UNDER THE HIV/AIDS INSURANCE PREMIUM SUBSIDY PROGRAM

Governor/Joint Finance/Senate/Assembly: Authorize DHFS to pay insurance premiums for coverage under Medicare Part D for persons enrolled in the HIV/AIDS insurance premium subsidy program.

The HIV/AIDS insurance premium subsidy program subsidizes the cost of insurance premiums under group and individual health insurance policies for Wisconsin residents with HIV/AIDS in families with incomes that do not exceed 300% of the FPL who are: (a) unable to continue their employment or who must reduce their work hours because of an illness or medical condition related to their HIV infection; or (b) on unpaid medical leave from their employment because of an illness or medical condition related to their HIV infection and who are covered by a group health insurance plan through their employer for which they pay part or all of the premium.

Under current law, the HIV/AIDS insurance premium subsidy program is prohibited

from paying health insurance premiums for coverage under the federal Medicare program. This provision would authorize the program to pay Medicare Part D insurance premiums on behalf of program enrollees.

2. DISEASE AIDS [LFB Paper 413]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$385,700	-\$576,500	-\$190,800
PR	31,100	- 67,900	- 36,800
Total	\$416,800	-\$644,400	-\$227,600

Governor: Provide \$1,600 PR in 2007-08 and \$415,200 (\$385,700 GPR and \$29,500 PR) in 2008-09 to fully fund the projected cost of services under the Wisconsin chronic diseases program (WCDP), also known as the disease aids program. The WCDP provides payments to health care providers for disease-related services for people with chronic renal disease, adult cystic fibrosis, and hemophilia. The program is partially supported by program revenue the state receives from drug manufacturer rebates. The bill would provide \$5,214,500 (\$4,956,200 GPR and \$258,300 PR) in 2007-08 and \$5,242,000 (\$4,956,200 GPR and \$286,200 PR) in 2008-09 to support services.

In addition, modify statutes relating to the Wisconsin chronic disease program (WCDP) as follows.

Provider Reimbursement. Repeal provisions that, with respect to the treatment of kidney disease: (a) require DHFS to pay providers rates equal to the allowable charges under the federal Medicare program; (b) prohibit DHFS from paying state rates for individual service elements that exceed the federally-defined allowable costs; and (c) specify that the rate of charges for services not covered by public and private insurance may not exceed the reasonable charges as established by Medicare fee determination procedures.

Require that a person who provides a patient with a service for the treatment of kidney disease, cystic fibrosis, or hemophilia under the WCDP accept the amount paid under the WCDP as payment in full, and prohibit that person from billing the patient for any amount that exceeds the amount paid under the WCDP for those services. Under current law, this requirement pertains only to services provided under the WCDP for the treatment of kidney disease.

Investigation of Fraudulent Activities. Authorize DHFS to investigate suspected fraudulent activity and other abuses on the part of persons receiving benefits under the WCDP.

Joint Finance/Senate/Assembly: Reduce funding by \$348,500 (-\$314,600 GPR and -\$33,900 PR) in 2007-08, and \$295,900 (-\$261,900 GPR and -\$34,000 PR) in 2008-09, to reflect revised program cost projections. Delete the Governor's recommended statutory changes.

3. TUBERCULOSIS PROGRAM [LFB Paper 414]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$177,300	-\$85,300	\$92,000

Governor: Provide \$61,600 in 2007-08 and \$115,700 in 2008-09 to fund projected cost increases in the tuberculosis program. The bill would provide a total of \$453,500 in 2007-08 and \$507,600 in 2008-09 to support the program.

Under the program, local health departments may become certified by DHFS as public health dispensaries for the purpose of diagnosing and treating persons suffering from, or suspected of having, tuberculosis. In 2006-07, 24 local agencies will have dispensary status. Certified dispensaries are eligible for reimbursement from DHFS for the cost of tuberculosis-related services they provide, up to the amounts budgeted for the program by the Legislature. DHFS also pays for drugs for the treatment of tuberculosis, as well as for certain inpatient isolation services.

Joint Finance/Senate/Assembly: Reduce funding by \$28,000 in 2007-08 and \$57,300 in 2008-09 to reflect revised program cost projections.

4. HEALTH SANITARIAN POSITIONS

	Funding	Positions
PR	-\$524,000	- 4.25

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$262,000 annually and delete 4.25 positions (4.0 public health sanitarian positions and 0.25 office associate position), beginning in 2007-08. The 4.0 health sanitarian positions, which are vacant, previously conducted inspections of food and lodging establishments, and were based in the Department's regional offices in Rhinelander (2.0 positions), Eau Claire (1.0 position) and Green Bay (1.0 position). The administration estimates that program revenues that support state inspections of these establishments will be insufficient to support base program costs in the 2007-09 biennium, as more counties are choosing to perform these functions as local agents of the state.

5. AMERICAN INDIAN HEALTH PROJECTS

Governor/Joint Finance/Senate/Assembly: Modify provisions relating to the American Indian health projects program by: (a) repealing the requirement that to be eligible for a grant, a project must involve the cooperation of two or more tribes, tribal agencies, inter-tribal organizations or other agencies or organizations; (b) repealing the provision that limits any grant award to 50% of the cost of the project; and (c) authorizing DHFS to award grants for projects designed to provide innovative community-based health care services to American Indians. In addition, modify the current definition of "tribal agency" from "an agency of the

governing body of a tribe" to "an agency created by a tribe." The bill would make no change in base funding for program grants (\$120,000 PR annually supported by Indian gaming revenue).

6. TRIBAL RELIEF BLOCK GRANT -- MENTAL HEALTH SERVICES

Governor/Joint Finance/Senate/Assembly: Authorize tribal governing bodies to use relief block grant funds for mental health services, in addition to health care services and treatment services for alcohol and other drug abuse. Current law permits tribes to expend relief block grant funds for health care services which are defined as reasonable and necessary emergency and nonemergency medical, surgical, dental, hospital, nursing, and optometric services and to provide alcohol and other drug abuse treatment services.

Children and Families

1. STATE FOSTER CARE AND ADOPTION ASSISTANCE [LFB Paper 430]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$2,217,900	-\$405,000	1,812,900
FED	<u>2,755,100</u>	<u>- 1,782,300</u>	<u>972,800</u>
Total	\$4,973,000	\$2,187,300	\$2,785,700

Governor: Reduce funding by \$288,900 (-\$231,900 GPR and -\$57,000 FED) in 2007-08 and provide \$5,261,900 (\$2,449,800 GPR and \$2,812,100 FED) in 2008-09 to reflect reestimates of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship (but do not live in Milwaukee County) and adoption assistance payments for children with special needs who have been adopted. (Funding for foster care payments DHFS makes on behalf of children with special needs in Milwaukee County is budgeted as part of the budget for the Bureau of Milwaukee Child Welfare.)

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs. Base funding for this program is \$92,744,900 (\$48,040,600 GPR and \$44,704,300 FED).

Joint Finance/Senate/Assembly: Decrease funding by \$928,900 (-\$6,100 GPR and -\$922,800 FED) in 2007-08 and by \$1,258,400 (-\$398,900 GPR and -\$859,500 FED) in 2008-09 to reflect a reestimate of the costs to fully fund the state foster care and adoption assistance programs during the biennium.

2. HOME VISITING PROGRAM [LFB Paper 432]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$531,100	-\$531,100	\$0
FED	111,300	- 111,300	0
Total	\$642,400	-\$642,400	\$0

Governor: Provide \$642,400 (\$531,100 GPR and \$111,300 FED) in 2008-09 to: (a) support a new universal home visiting program for first-time parents; and (b) increase funding for a current program that provides targeted home visiting services for first-time, MA-eligible parents, with identified risk factors for child abuse and neglect.

Universal Home Visiting. Provide \$122,400 GPR in 2008-09 for a universal home-visiting program. Direct DHFS to award grants for universal home visiting services to applying organizations, which may include a county department of human or social services, local health department, Indian tribe, private nonprofit agency, or local partnership, under a competitive application process which ranks applicants based on the quality of their applications. Require DHFS to determine the amount of an organization's grant award based on the number of first-time births in the community served by the organization.

Modify the current appropriation that supports child abuse and neglect prevention grants to also include universal home visitation grants.

Allowable Uses of Grant Funding. Require grant recipients to provide matching funds or in-kind contributions, in amounts determined by DHFS, and prohibit a grant recipient from using any of the grant funds to supplant any other funds used by the grant recipient at the time of the grant award to provide home visitation services.

Require grant recipients to use the grant award to provide a one-time visit to all first-time parents in the community served by the organization for the purposes of: (a) providing parents with basic information regarding infant health and nutrition, the care, safety, and development of infants, and emergency services for infants and with information prepared by the Child Abuse and Neglect Prevention Board relating to shaken baby syndrome and impacted babies; (b) identifying parents' needs; and (c) providing parents with referrals to programs, services, and other resources that may meet those needs. Require that any informational materials distributed about the home visitation services state the sources of funding for the services.

Specify that an organization may visit a first-time parent only if the parent (or, if the parent is a child, his or her parent, guardian, or legal custodian) consents to the visit.

In the first year in which a grant is awarded to an organization, permit the organization to use a portion of the grant to support start-up costs and capacity building related to the provision of home visitation services and require DHFS to determine the maximum amount of the grant that could be used for these costs.

Child Abuse or Neglect Reports. Prohibit persons who are mandated to report suspected or threatened child abuse or neglect from making or threatening to make a report of child abuse or neglect based on a person's refusal to receive a home visit under this program.

Specify that, if a person providing home visitation services under this program determines that he or she is required or permitted to make a report of suspected or threatened abuse or neglect of a child in the family receiving services, require the person, before making the report, to make a reasonable effort to notify the child's parent that an abuse or neglect report will be made and to encourage the parent to contact the county child welfare department or DHFS to request assistance. Specify that this notification requirement does not affect the individual's mandated reporting requirements for child abuse and neglect.

Confidentiality Requirements. Prohibit individuals from using or disclosing any information concerning an individual offered home visitation services under this program, including an individual who declines to receive those services, or concerning an individual who is provided with a referral to other programs, services, or other resources, unless: (a) as a mandated reporter of suspected or threatened child abuse or neglect, disclosure of the information is required; (b) the use or disclosure of the information is connected to the administration of the universal home visiting program; or (c) the individual has given his or her written informed consent to the use or disclosure of the information.

Require an organization that receives a grant for a universal home visiting program to provide or designate an individual or entity to provide an explanation of these confidentiality requirements to each individual offered home visitation services under this program by the organization.

Statewide Implementation. The Governor's recommendation assumes 25% matching funds from grant recipients. Statewide expansion would be implemented over five years, with the program serving 20% of the state's first-time parents in the first year, and adding another 20% in every year thereafter until reaching 100% in the fifth year. Assuming each family is served for three years, the estimated total cost of the program, when fully implemented, would be \$1.6 million (all funds) annually, of which \$1.2 million would be supported by the state, and the remainder by grant recipients.

Targeted Home Visiting. Provide \$520,000 (\$408,700 GPR and \$111,300 FED) in 2008-09 to increase funding for DHFS' current targeted home visiting program, which the administration estimates would be sufficient to serve approximately 25% of first-time parents eligible for MA in 2008-09.

The funding in this item includes: (a) \$360,100 GPR to support grants to counties (base funding for this aspect of the program is \$995,700 GPR annually); (b) \$48,600 GPR to support technical assistance training for grant recipients; and (c) \$111,300 FED in federal MA matching funds, to reflect funds that counties could claim for MA-eligible services under this program. In addition, the Governor's recommendation assumes \$69,100 in local or county matching funds in 2008-09.

Changes to Current Program. Eliminate the current requirements that no more than six rural counties, three urban counties, and two tribes can receive funding under the program. Delete the requirement in current law that DHFS allocate available funding based on the comparative number of MA-eligible births parents in each county or tribe, and in Milwaukee County, 60% of the number of MA-eligible births. These changes would take effect January 1, 2009.

Under current law, the program has two components: (a) a primary intervention, voluntary, home-visitation program for first-time parents who are eligible for MA; and (b) a voluntary intervention program that serves families with children who are at risk of abuse or neglect.

Statewide Implementation. The Governor's intent is to implement this program statewide over five years, with 25% of the first-time parents eligible for MA served in the first year, an additional 20% in the second year, an additional 25% in the third year, and an additional 15% in both the fourth and fifth years. When fully implemented, DHFS estimates that the annual cost of the targeted home-visiting program would be \$17.1 million (all funds), which includes federal and local funding and approximately \$13.6 million GPR.

Under the bill, the current program and the new program would be transferred to the Department of Children and Families.

Joint Finance/Senate/Assembly: Delete provision.

3. KINSHIP CARE [LFB Paper 886]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$1,937,400	-\$150,400	\$1,787,000

Governor: Provide \$968,700 annually in TANF funds transferred from the Department of Workforce Development (DWD) to reflect estimates of the amount of funding that will be required to fully fund kinship care benefits in the 2007-09 biennium. This item would increase annual funding for DHFS to make kinship care payments to caretakers in Milwaukee County (\$1,881,400 annually) and decrease funding for counties to make kinship care payments to caretakers non-Milwaukee counties (-\$912,700 annually). These amounts reflect the administration's estimates of the cost of funding: (a) current caseloads, under the assumption that caseloads will not grow in 2006-07 or the 2007-09 biennium; (b) cases on waiting lists; and (c) county-funded cases. Under the bill, \$21,953,500 would be budgeted annually to fund kinship care payments to caretakers in Milwaukee County (\$11,943,500) and other counties (\$10,010,000).

Increase the statutory allocation of TANF funds for the kinship care programs by deleting references to funding levels allocated for the program in the 2005-07 biennium and instead,

specifying a transfer of \$23,655,000 annually. DHFS would use this funding to support kinship care benefits (\$21,953,500 annually), costs to conduct kinship care assessments in counties other than Milwaukee County (\$826,600 annually) and in Milwaukee County (\$637,400 annually), the costs of kinship care-related hearings conducted by the DOA Division of Hearings and Appeals (\$87,600 annually), and program staff positions in DHFS (\$149,900 annually).

Counties pay, and in Milwaukee County DHFS pays, a benefit of \$215 per month per child to kinship care relatives if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

Joint Finance/Senate/Assembly: Decrease funding in the bill by \$150,400 PR (-\$75,200 annually) to reflect a reestimate of the costs to fully fund the kinship care program during the biennium.

4. QUALITY RATING SYSTEM [LFB Paper 892]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$881,100	6.00	-\$881,100	-6.00	\$0	0.00

Governor: Provide \$436,200 in 2007-08 and \$444,900 in 2008-09 to support 6.0 positions, beginning in 2007-08, in the Bureau of Regulation and Licensing to implement a quality rating system as part of the Governor's Quality Care for Quality Kids initiative. The quality rating system would rate the quality of the child care provided by state licensed or certified child care providers and day care programs established or contracted for by school boards. The positions would be funded by TANF funds transferred from DWD [This item is summarized in "Workforce Development -- Economic Support and Child Care."]

Joint Finance/Senate/Assembly: Delete provision.

5. BACKGROUND INVESTIGATIONS OF PROPOSED FOSTER PARENTS AND ADOPTIVE PARENTS

GPR	\$214,900
FED	108,800
Total	\$323,700

Governor/Joint Finance/Senate/Assembly: Provide \$138,700 (\$92,100 GPR and \$46,600 FED) in 2007-08 and \$185,000 (\$122,800 GPR and \$62,200 FED) in 2008-09 to fund fees assessed by the Department of Justice and the Federal Bureau of Investigation to meet background investigation requirements of the federal Adam Walsh Child Protection and Safety Act of 2006 (P.L. 109-248). These costs would be partially supported by federal child welfare (Title IV-E) matching funds. In addition, make the following statutory changes to comply with provisions of the federal act.

Fingerprint Based Background Checks. Require DHFS, a county department of human services or social services, or a child welfare agency (entities) to request a fingerprint based check of the national crime information databases for individuals seeking, or who are required to obtain, a license to operate a foster home or treatment foster home prior to the placement of a child for adoption. Prohibit entities from releasing any information obtained only as permitted under federal law. Additionally, for individuals who were not a resident of the state for any period of time during the five years preceding date of the background check, require entities to check any child abuse or neglect registry maintained by any state or other United States jurisdiction in which the person or adult resident resided within those preceding five years. Prohibit the entity from using any information it obtains under this provision for any purpose other than a search of the person's background.

Criminal History and Child Abuse or Neglect Record Background Check. Require entities to perform a background check (including criminal history and child abuse or neglect record) of individuals: (a) seeking a license to operate a foster home or treatment foster home; (b) who are licensed to operate a foster home or treatment foster home and are seeking to adopt a child; and (c) any adult resident of the home, regardless of whether foster care maintenance payments or adoption assistance payments would be provided after the placement is made or the adoption is finalized.

Specify that the new standards for background investigations would take effect on January 1, 2008, and would initially apply to persons who apply for a license to operate a foster home or treatment foster home or to persons undergoing an investigation of a proposed adoptive home on the bill's general effective date.

6. CHILDREN'S CODE AND JUVENILE JUSTICE CODE -- COURT PROCEDURES

Governor/Joint Finance/Senate/Assembly: Modify court procedures under the Children's Code (Chapter 48) and the Juvenile Justice Code (Chapter 938) as follows.

Court Reports and Orders in TPR Cases. Require an agency that files a termination of parental rights (TPR) petition, or that is ordered by the court in a TPR case to prepare a report on the history of a child, to include in its report specific information showing that the agency primarily responsible for providing services to the child has made reasonable efforts to achieve the goal of the child's permanency plan, if a permanency plan had previously been prepared for the child. Require a court order, in a TPR cases in which a permanency plan had previously been prepared for the child, to include a finding as to whether the agency primarily responsible for providing services to the child has made reasonable efforts to achieve the goal of the child's permanency plan.

Specify that this change would first apply to reports filed with the juvenile court on the bill's general effective date.

Transfer of the Custody of Children in Actions Affecting Families. Permit a circuit court to transfer the legal custody of a child found to be in need of protection or services in an action

affecting the family in Milwaukee County to DHFS. Currently, the court may transfer legal custody of the child to a relative, to the county department of human services or social services, or to a licensed child welfare agency.

In addition, when the circuit court transfers legal custody of a child to DHFS, a county department or licensed child welfare agency, require the circuit court to refer the matter to the juvenile court intake worker to conduct an intake inquiry to determine whether a petition alleging the child to be in need of protection or services should be filed with the juvenile court. Require the court to include in the order transferring legal custody a finding that placement of the child in his or her home would be contrary to the welfare of the child and, subject to certain exceptions, a finding that reasonable efforts have been made to prevent the removal of the child from home. Require the court to make the findings on a case-by-case basis, based on circumstances specific to the child and to document or reference the specific information on which those findings are based in the order. Specify that an order that merely references this requirement without documenting or referencing that specific information in the order or an amended order that retroactively corrects an earlier order that does not comply with this requirement is not sufficient to comply with the requirement.

Require the circuit court, when it transfers legal custody of the child to a county department, to order the child into the placement and care responsibility of the county departments and to assign the county department primary responsibility for providing services to the child.

Specify that these provisions would first apply to court orders granted on the bill's general effective date.

Out-of-Home Placements of Children. Require a juvenile court, when it orders a child to be placed outside the home under the supervision of a county department or DHFS, to order the child into the placement and care responsibility of the county department or DHFS and to assign the county department or DHFS primary responsibility for providing services to the child. Require DHFS, the Department of Corrections, or a county department, when placing a child outside the home under a voluntary agreement, to state in the voluntary agreement that the agency has placement and care responsibilities for the child and has primary responsibility for providing services to the child.

Specify that these changes would first apply to court orders and voluntary agreement placing a child outside the home granted or entered into on the bill's general effective date.

Temporary Physical Custody Orders. Require a juvenile court order relating to a child held in temporary physical custody, when sufficient information is not available to make a finding as to whether reasonable efforts were made to prevent the removal of the child from the home, to include an order requiring the county department, DHFS, or agency primarily responsible for providing services to the child to file with the court sufficient information for the court to make a finding within five days, excluding Saturdays, Sundays and Holidays, after the date on which a temporary physical custody order is granted. Currently, agencies are required to file that

information within five days (including Saturdays, Sundays, and legal holidays, after the date of the court order.

Specify that this change would first apply to court orders granted on the bill's general effective date.

7. PREADoption TRAINING

Joint Finance/Senate/Assembly: Authorize Wisconsin Technical College districts schools and University of Wisconsin System institutions and college campuses to provide preadoption preparation for proposed adoptive parents.

Under current law, before a child can be placed for adoption by DHFS, a county department, or a child welfare agency, a proposed adoptive parent who has not previously adopted a child must complete preadoptive preparation. The statutes currently authorize the following to provide preadoption training services: (a) a licensed child welfare agency; (b) a licensed private adoption agency; (c) the state adoption information exchange; (d) the state adoption center; (e) a state-funded foster care and adoption resource center; or (f) a state-funded postadoption resource center.

8. COMMUNITY COLLABORATION

Joint Finance/Senate/Assembly: Require DHFS to collaborate with community-based organizations that serve children, adolescents, and their families to promote health and wellness, and to reduce childhood and adolescent obesity.

Disability and Elder Services

1. SERVICES FOR DRIVERS -- SUPPLEMENTAL COUNTY ALLOCATIONS

PR	- \$900,000
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Governor/Joint Finance/Senate/Assembly: Reduce funding DHFS distributes to counties to support services for drivers who have been referred for assessments following operating while intoxicated (OWI) violations by \$450,000 annually, so that DHFS would be budgeted \$1,000,000 annually from OWI surcharge revenues for this purpose. The bill would make no change to the statutory distribution of OWI surcharge revenue between counties, which retain 61.5% of revenue collected by clerks of court to support services for drivers, and the state, which collects 38.5% of the revenue to support several OWI-related programs.

In addition, convert the current DHFS appropriation that funds supplemental county allocations for services for drivers from an annual appropriation to a continuing appropriation, and repeal the provision that specifies that the unencumbered balance of the appropriation on June 30 of each year reverts to a continuing appropriation to which all of the state's share of these revenues are credited, and from which the state's share of these funds are allocated.

2. COMMUNITY AIDS

GPR	\$206,200
FED	64,800
Total	\$271,000

Governor: Provide \$135,500 (\$103,100 GPR and \$32,400 FED) annually to fully fund a 5% increase in foster care rates, enacted as part of 2005 Act 25, which took effect on January 1, 2006 (\$103,100 GPR and \$32,400 FED of Title IV-E funds annually). In addition, adjust federal funding budgeted to support community aids by: (a) reducing Title IV-B support by \$255,300 FED annually; (b) reducing support from the social services block grant by \$78,600 FED annually; and (c) offsetting these reductions by increasing Title IV-E support by \$333,900 FED annually. The provision to increase Title IV-E funding for community aids would reduce the amount of funding that would otherwise be generated as federal income augmentation revenue from this source, 50% of which, under current law, DHFS is required to distribute to non-Milwaukee counties for services and projects to assist children and families.

In addition, increase the annual basic county allocation from \$242,078,700 to \$242,421,500 in 2007-08 (an increase of \$342,800) and \$176,225,400 in 2008-09 (a decrease of \$66,166,100). The decrease in 2008-09 reflects the transfer of federal child welfare funds previously counted as community aids that would instead be distributed by the new Department of Children and Families for children and family aids.

Joint Finance/Senate/Assembly: Decrease the annual basic county allocation from \$176,225,400 to \$176,068,400 in 2008-09 to reflect the additional transfer of funds to the new Department of Children and Families. The fiscal effect of this change is shown under "Health and Family Services -- Children and Families -- Transfers to the Department of Children and Families."

The following tables identify: (a) the basic county allocation under Joint Finance; and (b) the total amount of funding that would be budgeted in DHFS for community aids under all Joint Finance items.

**Community Aids Basic County Allocation
Joint Committee on Finance**

	<u>2007-08</u>	<u>2008-09</u>
General Purpose Revenue*	\$170,188,900	\$142,362,200
Title IV-E Foster Care	28,570,700	0
Social Services Block Grant	26,774,100	22,480,000
TANF Converted Social Services Block Grant	13,420,500	11,226,200
Title IV-B Child Welfare	3,367,300	0
Child Care and Development Block Grant	<u>100,000</u>	<u>0</u>
Basic County Allocation	\$242,421,500	\$176,068,400

*General purpose revenue in table is prior to WIMCR adjustments.

Funding for Community Aids and Related Programs Joint Finance

	2007-08				2008-09			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Community Aids								
Base Funding	\$146,770,500	\$84,636,300	\$700,000	\$232,106,800	\$146,770,500	\$84,636,300	\$700,000	\$232,106,800
Funding Changes Under this Item								
Fully Fund Foster Care Rate Increase	\$103,100	\$32,400	\$0	\$135,500	\$103,100	\$32,400	\$0	\$135,500
Reduce Title IV-B Support	0	-255,300	0	-255,300	0	-255,300	0	-255,300
Reduce SSBG Support	0	-78,600	0	-78,600	0	-78,600	0	-78,600
Increase Title IV-E Support	0	333,900	0	333,900	0	333,900	0	333,900
Subtotal	\$103,100	\$32,400	\$0	\$135,500	\$103,100	\$32,400	\$0	\$135,500
Funding Changes Under Other Items								
Foster Care Rate Increase, January, 2008	\$242,800	\$64,800	\$0	\$304,000	\$728,400	\$194,300	\$0	\$911,900
MA Base Reestimate -- WIMCR Change	-6,362,800	0	0	-6,362,800	-8,334,100	0	0	-8,334,100
MA Expansion for Childless Adults	-3,150,000	0	0	-3,150,000	7,441,300	0	0	7,441,300
Program Revenue Reestimates -- Reduce Funding from CCDBG	0	0	-600,000	-600,000	0	0	-600,000	-600,000
Transfer to DCF	0	0	0	0	-28,959,400	-38,905,400	0	-67,864,800
Subtotal -- Funding Changes	\$1,740,900	\$64,800	-600,000	\$1,204,900	-\$17,427,000	-\$38,711,100	-600,000	-\$56,738,100
Total Community Aids Funding	\$137,603,600	\$84,733,500	\$100,000	\$222,437,100	\$117,749,800	\$45,957,600	\$100,000	\$163,807,400
Wisconsin Medicaid Cost Reporting (WIMCR) Payments								
Base Funding	\$21,273,300	\$0	\$0	\$21,273,300	\$21,273,300	\$0	\$0	\$21,273,300
MA Base Reestimate Adjustment	5,779,000	0	0	5,779,000	6,497,100	0	0	6,497,100
MA Expansion for Childless Adults	0	0	0	0	-4,497,300	0	0	-4,497,300
Subtotal -- WIMCR	\$27,052,300	\$0	\$0	\$27,052,300	\$23,273,100	\$0	\$0	\$23,273,100
Family Care -- Funding for Resource Centers								
Base Funding	\$8,768,600	\$0	\$0	\$8,768,600	\$8,768,600	\$0	\$0	\$8,768,600
Family Care Expansion	61,700	0	0	61,700	13,838,700	0	0	13,838,700
Subtotal -- Funding for Resource Centers	\$8,830,300	\$0	\$0	\$8,830,300	\$22,607,300	\$0	\$0	\$22,607,300
Grand Total -- Community Aids, WIMCR Payments and Family Care Resource Centers	\$173,486,200	\$84,733,500	\$100,000	\$258,319,700	\$163,630,200	\$45,957,600	\$100,000	\$209,687,800

3. OFFICE FOR THE BLIND AND VISUALLY IMPAIRED

FED

\$635,200

Governor/Joint Finance/Senate/Assembly: Provide \$289,800 in 2007-08 and \$345,400 in 2008-09, from federal income augmentation funds, to support DHFS estimates of funding that would be needed to support current authorized staff in the Office for the Blind and Visually Impaired (OBVI) in the 2007-09 biennium. OBVI offers rehabilitation teaching services to assist blind and visually impaired individuals in achieving independent living

Beginning in 2005-06, base funding available to support OBVI, from a variety of sources, was reduced by approximately \$255,000 annually. This occurred primarily because the Division of Vocational Rehabilitation in the Department of Workforce Development prohibited DHFS from using base GPR funding as a match for federal Title IB (vocational rehabilitation) funds so that DWD could instead use the Title IB funds to support individualized employment plans for individuals with disabilities. This resulted in a loss of approximately \$110,000 FED annually to support OBVI. In addition, DHFS reduced GPR support for the office by approximately \$119,900 annually in response to GPR funding reductions enacted as part of 2005 Wisconsin Act 25. In the 2005-07 biennium, DHFS has maintained vacant positions in OBVI and allocated one-time federal funding to address this reduction in base support for the office.

4. FAMILY SUPPORT PROGRAM -- CRITERIA FOR PRIORITY USE OF FUNDS

Governor/Joint Finance/Senate/Assembly: Repeal the requirement that DHFS, in promulgating rules for the family support program, include criteria by which county departments may determine priorities for available funding. Instead, require DHFS to establish criteria for priority of services that take into account urgency of need, statewide consistency, developmental impact on eligible children, and other factors, so as to ensure that available funds are used consistently and effectively. These criteria would not need to be promulgated as rules.

5. DRUG ABUSE PROGRAM IMPROVEMENT SURCHARGE [LFB Paper 126]

Governor/Joint Finance/Senate/Assembly: Modify the distribution of revenue the state collects from the drug abuse program improvement surcharge so that: (a) the first \$850,000 plus two-thirds of all funds collected in excess of \$1,275,000 in each fiscal year would be credited to a DHFS appropriation that supports programs that provide prevention, intervention, and treatment for alcohol and other drug abuse problems; and (b) all moneys in excess of \$850,000 and up to \$1,275,000 plus one-third of moneys in excess of \$1,275,000 would be credited to an appropriation for the Office of Justice Assistance (OJA) to fund grants for substance abuse treatment programs for criminals. Specify that the new allocations would take effect on July 1, 2007.

Under current law, as of July 1, 2007, two-thirds of all moneys from the surcharge are credited to the DHFS appropriation and one-third of the surcharge revenues are credited to the

OJA appropriation.

6. BIRTH-TO-THREE PROGRAM -- TREATMENT OF UNEXPENDED FUNDS

Governor/Joint Finance/Senate/Assembly: Modify the GPR appropriation that supports county funding allocations under the early intervention services for infants and toddlers with disabilities program (the birth-to-three program) by changing the appropriation from an annual appropriation to a continuing appropriation. Repeal provisions that: (a) permit DHFS to transfer funds between fiscal years; (b) specify that funds that are not encumbered by December 31 of each year lapse to the general fund on the next January 1, unless the Joint Committee on Finance permits DHFS to carry these funds forward to the next calendar year. At the end of each fiscal year, unexpended funding budgeted in a continuing appropriation does not lapse to the originating fund, but rather is carried forward to the next fiscal year and available for expenditure by the agency.

7. COUNCIL ON PHYSICAL DISABILITIES

Joint Finance/Senate/Assembly: Require DHFS to allocate at least \$16,100 GPR annually from its general program operations appropriation for the Division of Disability and Elder Services to support the Council on Physical Disabilities.

Institutions

1. SEXUALLY VIOLENT PERSONS -- NEW UNITS AT THE SAND RIDGE SECURE TREATMENT CENTER [LFB Paper 440]

	Funding	Positions
GPR	\$3,477,200	91.10

Governor/Joint Finance/Senate/Assembly: Provide \$3,477,200 and 91.10 positions in 2008-09 to fund staff, supplies, and one-time costs for four new 25-bed units at the Sand Ridge Secure Treatment Center (SRSTC). Two units would open in January, 2009, and the other two units would open in April, 2009.

The SRSTC and the Wisconsin Resource Center (WRC) provide inpatient treatment services for individuals committed as sexually violent persons (SVPs) under Chapter 980 of the statutes. The rate at which persons are being committed as SVPs in Wisconsin has increased due to recent legislation that, among other things, broadened the statutory definition of an SVP. The SVP population is projected to exceed the current combined SVP capacity at SRSTC and WRC (420 beds) during the 2007-09 biennium. At its March, 2006, meeting, the State Building Commission authorized planning funds for a 300-bed expansion at SRSTC. In its 2007-09

capital budget request, DHFS requested funding to build this expansion.

2. SEXUALLY VIOLENT PERSONS -- CONTRACTED BEDS [LFB Paper 411]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$479,800	-\$42,500	\$437,300

Governor: Provide \$56,800 in 2007-08 and \$423,000 in 2008-09 to fund costs for DHFS to contract for beds in county jails to temporarily house sexually violent persons (SVPs). The administration projects that temporary beds will be needed for SVPs before a 100-bed expansion planned for the Sand Ridge Secure Treatment Center (SRSTC) is completed in early 2009.

The SRSTC and the Wisconsin Resource Center (WRC) provide inpatient treatment services for persons committed as SVPs under Chapter 980 of the statutes. The rate at which persons are being committed as SVPs in Wisconsin has increased due to recent legislation that, among other things, broadened the statutory definition of an SVP. The administration projects that the SVP population will exceed the current combined SVP capacity at SRSTC and WRC during the 2007-09 biennium. To address that capacity issue, the Governor has recommended a 300-bed expansion at SRSTC, with the first two 25-bed units to open in January 2009, and two additional 25-bed units to open in April 2009.

Joint Finance/Senate/Assembly: Reduce funding by \$42,500 in 2008-09 to reflect reestimates of the funding that would be needed to support these costs so that \$56,800 in 2007-08 and \$380,500 in 2008-09 would be budgeted for DHFS to contract for beds in county jails to temporarily house SVPs.

3. OUTPATIENT COMPETENCY, CONDITIONAL RELEASE, AND SUPERVISED RELEASE CONTRACTED SERVICES [LFB Paper 441]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$1,890,900	-\$512,300	\$1,378,600

Governor: Provide \$398,300 in 2007-08 and \$1,492,600 in 2008-09 to fund a net projected increase in the costs of services provided under the conditional release program, the supervised release program, outpatient competency examinations, and related contracted services.

Conditional Release. Reduce funding by \$101,600 in 2007-08 and increase funding by \$511,900 in 2008-09 to fund projected costs of services for individuals on conditional release. The conditional release program provides treatment to individuals who have been conditionally released from the state mental health institutes. It is a state-funded, community-based program, administered by private and public agencies under the supervision of DHFS. The

administration estimates the average daily population (ADP) of individuals on conditional release will be 300 in 2007-08 at an annual cost of \$15,390 per person, and the ADP of individuals on conditional release in 2008-09 will be 330 at an annual cost of \$15,850 per person

Supervised Release. Reduce funding by \$89,500 in 2007-08 and increase funding by \$142,200 in 2008-09 to fund projected costs of services under the supervised release program. The supervised release program provides treatment to individuals who are committed as sexually violent persons under Chapter 980 of the statutes and who have been released by the court under the supervision of DHFS. The projected cost increase results from a projected increase in caseload and service costs, including the costs of global positioning system monitoring and escorts.

Outpatient Competency Examinations. Increase funding by \$339,200 in 2007-08 and by \$499,000 in 2008-09 to fund projected costs of outpatient competency examinations. Competency-to-stand-trial examinations are conducted on both an inpatient and outpatient basis. Inpatient examinations are performed by DHFS staff at the mental health institutes. DHFS contracts with a private vendor, currently Wisconsin Forensic Unit (WFU), to conduct outpatient examinations in jails or locked units of a facility. In 2005-06, approximately 97% of competency examinations were conducted by WFU. The administration estimates 1,375 outpatient examinations will be conducted in 2007-08 at a cost of \$1,143 per examination, and 1,471 outpatient examinations will be conducted in 2008-09 at a cost of \$1,177 per examination.

Contracts with Corrections. Increase funding by \$250,200 in 2007-08 and by \$339,500 in 2008-09 to increase funding for contracts with the Department of Corrections for supervision services, equipment rental and escort transportation.

Joint Finance/Senate/Assembly: Reduce funding by \$60,000 in 2007-08 and by \$452,300 in 2008-09 for these services. The following table compares 2006-07 base funding, the Governor's funding amounts, and the amounts under the Joint Finance Committee's bill.

**Summary of Funding for Competency Examinations and
Conditional and Supervised Release Services**

	Base <u>2006-07</u>	Governor <u>2007-08</u> <u>2008-09</u>		Joint Finance <u>2007-08</u> <u>2008-09</u>		JFC Change to Governor <u>2007-08</u> <u>2008-09</u>	
Conditional Release	\$4,718,600	\$4,617,000	\$5,230,500	\$4,847,200	\$5,089,500	\$230,200	-\$141,000
Supervised Release	1,449,100	1,359,600	1,591,300	1,205,100	1,495,800	-154,500	-95,500
Outpatient Competency Exams	1,232,400	1,571,600	1,731,400	1,427,300	1,572,600	-144,300	-158,800
Other Related Contracted Services	<u>527,400</u>	<u>777,600</u>	<u>866,900</u>	<u>786,200</u>	<u>809,900</u>	<u>8,600</u>	<u>-57,000</u>
Total	\$7,927,500	\$8,325,800	\$9,420,100	\$8,265,800	\$8,967,800	-\$60,000	-\$452,300

4. MENTAL HEALTH INSTITUTES -- ALLOCATION OF COSTS

	Funding	Positions
GPR	\$3,711,900	7.53
PR	<u>- 3,711,900</u>	<u>- 7.53</u>
Total	\$0	0.00

Governor/Joint Finance/Senate/Assembly: Provide \$1,846,300 GPR and reduce funding by \$1,846,300 PR in 2007-08, and provide \$1,865,600 GPR and reduce funding by \$1,865,600 PR in 2008-09 to adjust base funding for the mental health institutes (MHIs) to assign the costs of certain services at the MHIs to the appropriate funding source. Convert 7.53 PR positions to GPR positions, beginning in 2007-08.

Biennially, a funding adjustment is made to assign costs of certain services each MHI provides to appropriate funding sources. The costs of these services are assigned to payment sources based on the estimated percentage of the population at the MHIs whose care will be supported by GPR (nearly all forensic patients and other non-billable patients), and by program revenues contributed by counties, medical assistance, and other third-party payers (civil commitments, MA recipients, and certain other patients). Examples of these services include housekeeping, food production, maintenance and security, library, and administrative services. The administration projects that the population splits will be 70% GPR/30% PR at Mendota Mental Health Institute, and 55% GPR/45% PR at the Winnebago Mental Health Institute for both years of the 2007-09 biennium.

5. VARIABLE NONFOOD ITEMS AND SERVICES [LFB Paper 443]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$2,049,000	- \$366,300	\$1,682,700
PR	<u>3,206,900</u>	<u>- 901,400</u>	<u>2,305,500</u>
Total	\$5,255,900	- \$1,267,700	\$3,988,200

Governor: Provide \$2,013,500 (\$602,400 GPR and \$1,411,100 PR) in 2007-08 and \$3,242,400 (\$1,446,600 GPR and \$1,795,800 PR) in 2008-09 to fund projected increases in variable nonfood costs at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

Joint Finance/Senate/Assembly: Reduce funding in the bill by \$525,900 (-\$123,600 GPR and -\$402,300 PR) in 2007-08 and by \$741,800 (-\$242,700 GPR and -\$499,100 PR) in 2008-09 so that \$1,487,600 (\$478,800 GPR and \$1,008,800 PR) in 2007-08 and \$2,500,600 (\$1,203,900 GPR and \$1,296,700 PR) in 2008-09 would be provided to reflect reestimates of variable nonfood costs at these facilities.

6. FOOD [LFB Paper 444]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$388,700	-\$60,100	\$328,600
PR	<u>1,256,800</u>	<u>-13,700</u>	<u>1,243,100</u>
Total	\$1,645,500	-\$73,800	\$1,571,700

Governor: Provide \$792,200 (\$160,300 GPR and \$631,900 PR) in 2007-08 and \$853,300 (\$228,400 GPR and \$624,900 PR) in 2008-09 to fund projected increases in the cost of food for residents at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

Joint Finance/Senate/Assembly: Reduce funding by \$34,800 (-\$15,600 GPR and -\$19,200 PR) in 2007-08 and by \$39,000 (-\$44,500 GPR and \$5,500 PR) in 2008-09 so that \$757,400 (\$144,700 GPR and \$612,700 PR) in 2007-08 and \$814,300 (\$183,900 GPR and \$630,400 PR) in 2008-09 would be provided to reflect reestimates of food costs at these facilities.

7. FUEL AND UTILITIES [LFB Paper 445]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$679,100	\$296,800	\$975,900
PR	<u>2,930,400</u>	<u>-1,216,700</u>	<u>1,713,700</u>
Total	\$3,609,500	-\$919,900	\$2,689,600

Governor: Provide \$1,597,300 (\$309,600 GPR and \$1,287,700 PR) in 2007-08 and \$2,012,200 (\$369,500 GPR and \$1,642,700 PR) in 2008-09 to fund projected increases in fuel and utility costs at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

Joint Finance/Senate/Assembly: Reduce funding by \$434,200 (\$110,500 GPR and -\$544,700 PR) in 2007-08 and by \$485,700 (\$186,300 GPR and -\$672,000 PR) in 2008-09 so that an additional \$1,163,100 (\$420,100 GPR and \$743,000 PR) in 2007-08 and \$1,526,500 (\$555,800 GPR and \$970,900 PR) in 2008-09 would be provided to fund projected increases in fuel and utility costs at these facilities.

8. MUNICIPAL SERVICES

PR	\$316,800
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Governor/Joint Finance/Senate/Assembly: Provide \$158,400 annually for payment for municipal services assessments associated with the cost of municipal services provided by local governments to the centers for the developmentally disabled and to the mental health institutes. Base funding for these services is \$683,100 PR.

9. SHARED SERVICES

Governor/Joint Finance/Senate/Assembly: Transfer funding and positions within and between appropriations that support DHFS institutions to more accurately reflect the allocation of funding for service positions (including building and grounds and office positions). This adjustment would fund shared services positions to reflect actual tasks performed, and eliminate the necessity for the facilities to charge each other for these services. The funding and position transfers are shown below.

<u>Facility</u>	<u>Fund Source</u>	<u>Positions</u>	<u>Salary</u>	<u>Fringe Benefits</u>	<u>Supplies and Services</u>
Wisconsin Resource Center	GPR	0.00	-\$20,200	-\$8,900	\$29,100
Mendota Mental Health Institute	PR	0.00	-123,900	-54,800	178,700
Central Wisconsin Center	PR	-0.24	-8,400	-3,900	0
Winnebago Mental Health Institute	PR	<u>0.24</u>	<u>-40,200</u>	<u>-17,700</u>	<u>70,200</u>
Total		0.00	-\$192,700	-\$85,300	\$278,000

10. COMBINE WRC AND SVP OPERATIONS APPROPRIATIONS

Governor/Joint Finance/Senate/Assembly: Repeal an appropriation that currently funds general program operations, other than operations related to security, of the Wisconsin Resource Center (WRC), and transfer base funding and positions from this appropriation (\$30,410,900 GPR and 400.65 GPR positions), beginning in 2007-08, to the appropriation that currently supports operations of the Sand Ridge Secure Treatment Center and other secure mental health units or facilities at which individuals committed as sexually violent persons (SVPs) are placed. Authorize DHFS to expend funds budgeted in the latter appropriation to support the operations of the WRC, other than for security operations at the facility.

The WRC provides mental health services to Department of Corrections inmates and to individuals civilly committed as SVPs.

11. CONDITIONAL RELEASE -- EXTEND TIME TO SUBMIT A PETITION TO REVOKE CONDITIONAL RELEASE

Governor/Joint Finance/Senate/Assembly: Extend, from 48 hours to 72 hours, the period within which DHFS must submit to the committing court, and the regional office of the State Public Defender where the committing court is located, a petition to revoke an order granting a person's conditional release, after DHFS detains the person for allegedly violating a condition or rule of his or her conditional release or because the safety of the person or others requires that conditional release be revoked. Further, exclude Saturday, Sundays, and legal holidays from the 72-hour period. Specify that this change would first apply to persons who are detained on the bill's general effective date.

Under current law, a person found not guilty of a crime by reason of mental disease or defect may petition the court for an order placing them in the community on conditional release. An order for conditional release places the person in the custody and control of DHFS. The statutes allow DHFS to detain the person and petition to have the order granting their conditional release revoked if DHFS alleges the person violated a condition or rule of their conditional release or if the safety of the person or others requires that the conditional release be revoked. Under current law, DHFS must submit that petition to the committing court and the state public defender's office within 48 hours after detaining the person. This provision would extend that period to 72 hours, and specify that the 72-hour period excludes Saturdays, Sundays, and legal holidays.

HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY

1. INVESTMENT OF FUNDS BY STATE INVESTMENT BOARD

Governor/Joint Finance/Senate/Assembly: Require the State of Wisconsin Investment Board, if requested by the Health Insurance Risk-Sharing Plan Authority (the Authority), to invest funds of the Authority in the state investment fund. Repeal the current requirement that the Authority select regulated financial institutions in the state in which to establish and maintain its accounts.

2. PARTICIPATION IN THE STATE RETIREMENT SYSTEM [LFB Paper 450]

Governor: Define the Authority as a "state agency" for purposes of the public employee trust fund, which would permit the Authority's employees to participate in the Wisconsin Retirement System, and to be eligible for such benefits as health and long-term care benefits, disability benefits, and survivor benefits.

Under current law, the Authority is not defined as a state agency for these purposes, although other authorities, including the Wisconsin Housing and Economic Development Authority, the Wisconsin Health and Educational Facilities Authority, the World Dairy Center Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, and the University of Wisconsin Hospitals and Clinics Authority, are included in the definition of "state agency." The bill would also include the Healthy Wisconsin Authority, which would be created under the bill, as a state agency for purposes of the Wisconsin Retirement System.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by including a nonstatutory provision to allow the Authority's current employees to be immediately eligible for participation in the Wisconsin Retirement System on the bill's general effective date.

3. DIRECT PAYMENTS TO THE AUTHORITY

Governor/Joint Finance/Senate/Assembly: Require that moneys received from two of the Authority's funding sources, insurer assessments and federal government high-risk pool grants, be received directly by the Authority. Further, require insurers to pay assessments directly to the Authority. Under current law, insurer assessments and federal high-risk pool grants are first received by the Office of the Commissioner of Insurance (OCI), and then paid to the Authority through two OCI appropriations, both of which would be repealed under this provision.

HEALTHY WISCONSIN AUTHORITY

1. CREATE HEALTHY WISCONSIN AUTHORITY [LFB Paper 455]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$1,000,000	-\$1,000,000	\$0

Governor: Provide \$500,000 SEG annually from the health care quality fund (HCQF) to support costs of establishing and operating the Healthy Wisconsin Authority (Authority). Create a continuing appropriation for this purpose. The bill's provisions relating to the creation of the HCQF are summarized under "Health and Family Services -- Health Care Quality Fund."

Create the Authority as a public body corporate and politic to study options, develop recommendations, and submit to the Secretary of the Department of Administration (DOA), no later than September 15, 2008, a report with its recommendations for implementing a reinsurance program to provide reinsurance to groups or individuals, or both, in this state, for catastrophic claims under group or individual, or both, health insurance policies. Authorize the Authority to develop and administer a reinsurance program in accordance with any legislation that requires the Authority to do so.

Catastrophic Health Care Reinsurance Program. Require the Authority to do all of the following:

- a. Study options and develop recommendations for implementing a reinsurance program to provide reinsurance to groups or individuals, or both, in this state for catastrophic claims under group or individual, or both, health insurance policies;
- b. Submit to the DOA Secretary, no later than September 15, 2008, a report with its recommendations for implementing a reinsurance program; and
- c. Develop and administer a reinsurance program in accordance with any legislation enacted that required or authorizes the Authority to do so.

Require the Authority, in developing its recommendations for a reinsurance program, to develop guidelines for defining high-cost claims and attachment points, set premiums to be paid for the reinsurance coverage based on the number of covered lives included in the reinsurance pool, set coinsurance rates for claims paid, and to design all other features of the reinsurance program.

Provide that the Authority can, in developing its recommendations for a reinsurance program, consider the impact of, and make recommendations to the Governor on, allowing

health benefit purchasing cooperatives to participate in a reinsurance program, evaluate the challenges faced by American Indian tribes and bands in this state and other sectors of the group health insurance market and make recommendations to the Governor on proposals to reduce health insurance premiums for the tribes and bands and other sectors. Further, provide that the authority can, in developing its recommendations, explore other ways to lower health care costs and to increase access to, and improve the quality of health care, including considering options for comprehensive health care reform.

Permit the Authority to contract with any vendor to administer any such reinsurance program, including the performance of such responsibilities as estimating reinsurance premiums, paying claims, customer services, and day-to-day administration.

Annual Evaluations. Require the Authority annually, after it implements any reinsurance program, to contract with an independent entity to conduct an evaluation of the program and financial audit of the most recent fiscal year ending before the audit. Require the program evaluation to include a review of best practices that may impact appropriate use of health care and disease management, and direct the Authority to make any necessary adjustments or improvements, if, as a result of the evaluation or audit, problems or deficiencies are determined to exist. Require the Authority, after each evaluation and audit, to explore the feasibility of expanding the program to cover more state residents. Further, require the Authority to submit to the Governor a report of the results of each evaluation and audit no later than January 1 of the year beginning after the year in which the evaluation and audit are conducted.

Board of Directors. Specify that the Authority's Board of Directors would consist of the Commissioner of Insurance, or his or her designee as a nonvoting member, and the following 13 members, who would serve four-year terms: (a) one majority party senator appointed by the Senate Majority Leader; (b) one minority party senator appointed by the Senate Minority Leader; (c) one majority party representative to the Assembly appointed by the Speaker of the Assembly; (d) one minority party representative to the Assembly appointed by the Assembly Minority Leader; and (e) nine nominees of the Governor, appointed with the advice and consent of the Senate, consisting of one health care provider, one representative of a Wisconsin health insurance company that offers coverage in the small group market, one representative of a Wisconsin small employer, one representative of Wisconsin labor unions, one representative of health benefit purchasing cooperatives, and four members who represent the public interest. Direct the Governor to annually appoint one member to serve as Chairperson of the Board, and authorize the members of the Board to elect other officers as they consider appropriate.

Provide that each Board member would hold office until a successor is appointed and qualified unless the member vacates or is removed from office, and that a member who serves as a result of holding another office or position vacates his or her office as a member when he or she vacates the other office or position. Provide that a member who ceases to qualify for office vacates his or her office. Require any vacancy on the Board to be filled in the same manner as the original appointment to the Board for the remainder of the unexpired term, if any. Under the bill, the initial board members identified in (a), (b), (c), and (d), above, would be appointed for terms that expire July 1, 2009. Of the nine initial board members identified in (e), above,

four would be appointed for terms that expire July 1, 2010, and five would be appointed for terms that expire July 1, 2011.

Provide that, notwithstanding the requirement for Senate confirmation, initial members of the Board may be provisionally appointed by the Governor, subject to Senate confirmation, and that such provisional appointments would be in force until acted upon by the Senate and, when confirmed by the Senate, would continue for the remainder of the term or until a successor is chosen and qualifies. Authorize a provisional appointee to exercise all of the powers of the office to which he or she is appointed during the period in which they qualify. Provide that any provisional appointment by the Governor that is withdrawn or rejected by the Senate would lapse, in which case a vacancy occurs. Require that whenever a new Legislature is organized, any appointments then pending before the Senate be referred by the President to the appropriate standing committee of the newly-organized Senate.

Provide that a majority of the members of the Board would constitute a quorum for purposes of conducting the Board's business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Further, provide that action may taken by the Board upon a majority vote of the members present, and authorize Board meetings to be held anywhere within or without the state. Prohibit a member of the Board from being compensated for his or her services, except for reimbursement for actual and necessary expenses incurred in the performance of his or her duties, including travel expenses, subject to uniform travel schedule amounts as otherwise provided by statute. Prohibit any cause of action to arise against, and any civil liability to be imposed upon a member or Executive Director of the Authority for any act or omission in the performance of his or her powers and duties unless the person asserting liability proves the act or omission constituted willful misconduct.

Executive Director. Require the Authority's Board to appoint an Executive Director who would not be a member of the Board, who would serve at the Board's pleasure, and who would receive such compensation as determined by the Board. Direct the Executive Director or other person designated by resolution of the Board to keep a record of the Authority's proceedings and to be custodian of the Authority's books, documents, papers filed with the Authority, the Authority's minute book or journal, and its official seal. Authorize the Executive Director or other person to cause copies to be made of all the Authority's minutes and other records and documents, and to give certificates under the official seal of the Authority to the effect that such copies are true copies and all persons dealing with the Authority may rely upon such certificates.

Powers of the Authority. Provide the Authority with all powers necessary or convenient to carry out the purposes for which it is created, including the authority to: (a) adopt, amend or repeal bylaws and policies and procedures for the regulation of its affairs and the conduct of its business; (b) have a seal and alter the seal at its pleasure; (c) maintain an office; (d) sue and be sued; (e) accept gifts, grants, loans, or other contributions from private or public sources; (f) establish the Authority's annual budget and monitor the fiscal management of the Authority; (g) execute contracts and other instruments, including contracts for any professional services required for the Authority; (h) employ any officers, agents, and employees that it may require

and determine their qualifications and compensation; and (i) procure liability insurance. Prohibit the Authority from issuing bonds.

Other Provisions. The Authority would be subject to or exempt from a range of statutes and regulations, including but not limited to the following: (a) the Authority would be subject to state laws regulating lobbying activities; (b) the Authority would be included among the entities to which the Legislative Fiscal Bureau has access, including any books, records, or other documents maintained by the Authority relating to its expenditures, revenues, operations, and structure; (c) the DOA Secretary and his or her designated employees could enter the Authority's office and examine its books and accounts and any other matter that in the Secretary's judgment should be examined, and interrogate the Authority's employees publicly or privately relative thereto; (d) the Authority, its officers, and employees would be required to cooperate with the DOA Secretary, and assist the Secretary in preparing the state budget report and budget bill as the Secretary or Governor may request, and, upon request, provide the Secretary such information concerning anticipated revenues and expenditures as the Secretary requires for effective control of state finances; (e) the Authority would be subject to certain provisions of state law regarding purchasing and bidding, including requirements with respect to nondiscriminatory contracting practices; (f) the Authority would be exempt from various taxes, including the general property tax and the income tax; and (g) the Authority would be included in the definition of a "state agency" for purposes of the Wisconsin retirement system. The Authority's records would also be subject to audit by the Legislative Audit Bureau at least once each 5 years.

Joint Finance/Senate/Assembly: Delete provision.

HIGHER EDUCATIONAL AIDS BOARD

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Adjust the base budget by -\$20,300 and -2.0 project positions annually for:

	Funding	Positions
GPR	-\$40,600	- 2.00

(a) removing noncontinuing elements from the base (-\$45,800 and -2.0 project positions annually); (b) full funding of salaries and fringe benefits (\$22,000 annually); and (c) reclassifications (\$3,500 annually).

2. WHEG -- LINK MAXIMUM AWARDS TO UW-MADISON TUITION [LFB Paper 461]

Governor: Modify the statutorily set maximum value of a Wisconsin higher education grant (WHEG) such that it is 50% of resident undergraduate tuition charged by the University of Wisconsin-Madison in the previous academic year beginning in the 2007-08 academic year. Under current law, the maximum grant is set at \$3,000; resident undergraduate tuition at UW-Madison is \$6,000 in 2006-07. The WHEG program provides need-based grants to resident undergraduate students enrolled at least half-time at UW institutions, technical colleges institutions, and tribal colleges located in the state.

Joint Finance/Senate/Assembly: Delete provision.

3. REESTIMATE MINNESOTA WISCONSIN RECIPROCITY EXPENDITURES

GPR	\$2,541,000
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Governor/Joint Finance/Senate/Assembly: Provide \$1,270,500 annually above the base level of \$6,500,000 to reflect estimated tuition reciprocity payments to Minnesota during the 2007-09 biennium. Wisconsin has made a reciprocity payment to Minnesota in each of the past five years; the 2004-05 payment was \$6,514,759 and the 2005-06 payment was \$7,770,538. In recent years the reciprocity payment has increased because tuition charged to Minnesota residents continues to be higher than Wisconsin resident tuition and there has been an increase in participation amongst Wisconsin residents. The payment to Minnesota is offset by GPR-Earned from the program through the tuition differential charged to Minnesota students attending UW-System institutions. In 2005-06, GPR-Earned from the Minnesota students attending UW-System was \$8.7 million; with the reciprocity payment to Minnesota, net revenue to the state's general fund for Minnesota-Wisconsin tuition reciprocity was \$0.9 million.

4. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM EXPENDITURES

GPR	\$47,000
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Governor/Joint Finance/Senate/Assembly: Provide \$23,500 annually to reflect a reestimate of the amount required to fully fund the GPR share of scholarships in the 2007-09 biennium for the academic excellence scholarship program. This program provides college scholarships to selected 12th grade students who have the highest grade point average in each public and private high school in the state. Students must enroll full-time in a participating UW System institution, Wisconsin Technical College, or private nonprofit college in this state to use this scholarship. The maximum award is \$2,250, of which half is funded from a GPR sum sufficient appropriation and half is funded by the educational institution. Annual base funding for this program is \$3,146,500.

5. ADDITIONAL POSITION AUTHORITY

	Funding	Positions
GPR	\$60,200	0.64

Governor/Joint Finance/Senate/Assembly: Provide \$27,200 in 2007-08 and \$33,000 in 2008-09 and 0.64 position beginning in 2007-08. This authority would be used to hire a 0.50 office management specialist and to increase an existing information systems computer professional position to full-time.

6. REESTIMATE FEDERAL REVENUES

FED	-\$706,800
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Governor/Joint Finance/Senate/Assembly: Reestimate federal revenues by -\$353,400 annually to reflect an anticipated decrease in funding under the special leveraging educational assistance program (SLEAP) and the Paul Douglas scholarship. SLEAP funds provide additional support for the state's talent incentive program (TIP); the Paul Douglas scholarship program, which was repealed in 1995-96, provided loan forgiveness to students who graduated in the top 10% of their high school class and became teachers.

HISTORICAL SOCIETY

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 470]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$1,950,300	\$0	\$1,950,300
FED	87,400	2,600	90,000
PR	282,800	0	282,800
SEG	168,400	0	168,400
Total	\$2,488,900	\$2,600	\$2,491,500

Governor: Adjust the base budget by \$974,500 GPR in 2007-08, \$975,800 GPR in 2008-09, \$43,700 FED annually, \$141,400 PR annually, and \$84,200 SEG annually for: (a) turnover reduction (-\$162,200 GPR annually); (b) full funding of continuing salaries and fringe (\$1,114,900 GPR, \$43,700 FED, \$141,400 PR, and \$84,200 SEG annually); (c) overtime (\$7,500 GPR annually); (d) night and weekend differential (\$12,800 GPR annually); and (e) full funding of lease costs and directed moves (\$1,500 GPR in 2007-08 and \$2,800 GPR in 2008-09).

Joint Finance/Senate/Assembly: Modify the adjustment to increase full funding of continuing salaries and fringe by \$1,300 FED annually.

2. DEBT SERVICE REESTIMATE [LFB Paper 175]

GPR	\$2,074,800
PR	3,500
Total	\$2,078,300

Governor/Joint Finance/Senate/Assembly: Reestimate debt service by \$694,900 GPR and \$5,200 PR in 2007-08 and by \$1,379,900 GPR and -\$1,700 PR in 2008-09.

3. CIRCUS WORLD FUEL AND UTILITIES [LFB Paper 471]

GPR	\$290,200
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Governor: Provide \$142,600 in 2007-08 and \$147,600 in 2008-09 for fuel and utility payments for the Circus World Museum. This funding would be provided in the Historical Society's existing fuel and utilities appropriation.

Joint Finance/Senate/Assembly: Modify the provision to provide the second year of funding on a one-time basis.

4. FUEL AND UTILITIES FUNDING

GPR	\$175,200
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Governor/Joint Finance/Senate/Assembly: Provide \$72,600 in 2007-08 \$102,600 in 2008-09 for fuel and utility expenses. Increased funding reflects projected fuel and utility costs in the 2007-09 biennium. Annual base level funding for fuel and utilities is \$612,000.

5. PUBLIC RECORDS MANAGEMENT

	Funding	Positions
PR	\$451,400	3.00

Governor/Joint Finance/Senate/Assembly: Provide \$193,400 in 2007-08 and \$258,000 in 2008-09 and 3.0 positions beginning in 2007-08 for planning activities relating to the management of public records and other information in the possession of the Historical Society, the management of those records and other information, and other related program services. Executive budget documents indicate that the primary source of these revenues would be from Department of Administration revenues for agency records and information processing and storage. Funding would be provided in a new continuing appropriation created for this purpose.

6. STORAGE FACILITY [LFB Paper 472]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$190,500	-\$62,900	\$127,600
PR	<u>190,500</u>	<u>- 62,900</u>	<u>127,600</u>
Total	\$381,000	-\$125,800	\$255,200

Governor: Provide \$62,900 GPR and \$62,900 PR in 2007-08 and \$127,600 GPR and \$127,600 PR in 2008-09 for the operation of a storage facility for the collections of the Historical Society. Provide the GPR funding in the agency's largest general program operations appropriation and the program revenue from Indian gaming receipts in a new appropriation created for this purpose. Specify that the unencumbered balance of this appropriation on June 30 of each year would revert to the Indian gaming receipts appropriation.

Joint Finance/Senate/Assembly: Delete \$62,900 GPR and \$62,900 PR in 2007-08.

7. DELETE VACANT POSITION

	Funding	Positions
PR	-\$51,400	- 0.50

Governor/Joint Finance/Senate/Assembly: Delete \$25,700 annually and 0.50 position, related to a long-term vacant position. Funding is reduced for permanent salaries and fringe benefits in the appropriation for general program operations--service funds.

8. WISCONSIN BLACK HISTORICAL SOCIETY AND MUSEUM

Governor/Joint Finance/Senate/Assembly: Transfer \$90,000 annually from the general program operations appropriation to a new annual appropriation for continued grant funding of the operations of the Wisconsin Black Historical Society and Museum.

INSURANCE

1. STANDARD BUDGET ADJUSTMENTS

PR	\$2,087,200
SEG	139,800
Total	\$2,227,000

Governor/Joint Finance/Senate/Assembly: Provide \$1,113,500 (\$1,043,600 PR and \$69,900 SEG) annually to adjust the Office of the Commissioner of Insurance's base budget for: (a) turnover reduction (-\$149,100 PR annually); and (b) full funding of continuing salaries and fringe benefits (\$1,192,700 PR and \$69,900 SEG annually); and (c) minor transfers within the same appropriations.

2. INJURED PATIENTS AND FAMILIES COMPENSATION FUND COMPUTER SYSTEM

SEG	\$599,400
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Governor/Joint Finance/Senate/Assembly: Provide \$462,100 in 2007-08 and \$137,300 in 2008-09 to fund costs to upgrade the computer system OCI uses to maintain information on approximately 14,000 health care providers that participate in the injured patients and families compensation fund. The system maintains information on primary insurance coverage, billing and collection of fees, claims information, and provider noncompliance. Funding would be used to support: (a) 2.0 contracted systems analysts for one year to make systems changes (\$247,500 in 2007-08); (b) hardware and software (\$77,300 in 2007-08); and (c) ongoing service and maintenance fees (\$137,300 annually).

3. INJURED PATIENTS AND FAMILIES COMPENSATION FUND ACTUARIAL AUDIT

SEG	\$75,000
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Governor/Joint Finance/Senate/Assembly: Provide \$75,000 in 2007-08 to fund an actuarial audit of the methodologies and assumptions used by the injured patients and families compensation fund's current actuarial firm. The fund's Board of Governors has directed staff to obtain an actuarial audit of the fund's actuarial services once every three years.

4. PROCESSING FEES FOR ELECTRONIC LICENSE APPLICATIONS AND BIENNIAL LICENSE RENEWAL

PR	\$708,000
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Governor/Joint Finance/Senate/Assembly: Provide \$354,000 annually for OCI to pay processing fees associated with electronic license applications and biennial license applications.

Beginning with biennial license renewals due at the end of January, 2007, OCI began requiring all agents and firms to pay their biennial license renewal fees using a credit card, debit card, or electronic check. OCI's current vendor charges OCI \$5.00 per transaction to cover all service fees associated with these payments. OCI estimates 60,000 agents will be billed during each year of the 2007-09 biennium, at a total estimated annual cost of \$300,000. In November 2006, OCI began requiring applicants for resident agent licenses to submit their applications

electronically through the vendor. OCI's current vendor charges \$9.00 per electronic application to cover all service fees associated with each transaction. OCI estimates 6,000 resident agent licenses will be issued in each year of the 2007-09 biennium, at a total cost of \$54,000.

5. SUPPORT FOR THE MEDIGAP HELPLINE

PR	\$164,000
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Governor/Joint Finance/Senate/Assembly: Provide \$77,500 in 2007-08 and \$86,500 in FY 2008-09 to increase funding for the Medigap Helpline, which is operated by the Board on Aging and Long-Term Care (BOALTC), but supported with program revenue (insurance fee revenue) collected by OCI. This funding would support the costs of supporting 1.0 additional Medigap counselor position for the helpline (\$38,500 in 2007-08 and \$47,500 in 2008-09) and projected increases in ongoing costs for the helpline (\$39,000 annually). Under the bill, OCI would be budgeted \$429,700 in 2007-08 and \$438,700 in 2008-09 to fund the operations of the helpline. BOALTC bills OCI bi-monthly for the cost of funding the helpline.

6. PAY PLAN PROGRESSION ADJUSTMENTS

PR	\$115,100
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Governor/Joint Finance/Senate/Assembly: Provide \$49,300 in 2007-08 and \$65,800 in 2008-09 to fund pay plan progression adjustments for eligible insurance examiner and insurance financial examiner positions. These salary adjustments have been negotiated through the state's collective bargaining process.

7. PARALEGAL ASSISTANCE

	Funding	Positions
PR	\$114,400	1.00

Governor/Joint Finance/Senate/Assembly: Provide \$53,000 in 2007-08 and \$61,400 in 2008-09 to fund 1.0 paralegal position in OCI's legal unit, beginning in 2007-08, to assist with investigative research and support enforcement actions taken by OCI.

8. AGENCY-WIDE ADMINISTRATIVE AND SUPPORT SERVICES

PR	- \$9,229,200
SEG	78,000
Total	- \$9,151,200

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$4,614,600 PR annually to reflect the net fiscal effect of eliminating a current appropriation that funds agency-wide administrative and support services, and transfer \$4,614,600 annually and 18.0 positions currently supported from that appropriation to OCI's general program operations appropriation. The consolidation of these appropriations reflects a reorganization within OCI that eliminated the Division of Administrative Services, effective May 1, 2006.

In addition, provide \$39,000 SEG annually from the injured families and patients compensation fund (\$30,700), the local government property insurance fund (\$4,700), and the state life insurance fund (\$3,600) to support each fund's share of increases in the cost of agency-

wide administrative and support services.

In addition to repealing the agency's administrative and support services appropriation, the bill would: (a) authorize OCI to fund organizational support services from its general program operations appropriation, and specify that all moneys received from the injured patients and families compensation fund, the local government property insurance fund, and the state life insurance fund for organizational support services would be credited to this appropriation; and (b) transfer the unencumbered balance of the repealed appropriation to the agency's general program operations appropriation on the bill's general effective date.

Currently, funding to support these agency-wide administrative and support services appears twice in OCI's budget -- in the program revenue-services appropriation that would be eliminated under this item, and OCI's general program operations appropriation, which funds these costs on a charge-back basis. By repealing the program revenue-services appropriation, the bill would eliminate the "double counting" of these funds without reducing total funding available to support OCI's operations.

9. REALLOCATE RENT COSTS BETWEEN PROGRAMS

PR	\$118,800
SEG	- 118,800
Total	\$0

Governor/Joint Finance/Senate/Assembly: Increase funding by \$59,400 PR annually and reduce funding by \$59,400 SEG annually to reallocate rent expenses between programs to better reflect actual space usage. Under this item, the segregated insurance funds (the injured patients and families compensation fund, the local government property insurance fund and the state life insurance fund) would pay a smaller share of the agency's total rent charges to reflect the actual square feet used by the funds' staff.

10. STATE LIFE INSURANCE FUND POSITION CORRECTION

	Positions
SEG	- 1.00

Governor/Joint Finance/Senate/Assembly: Delete 1.0 position, beginning in 2007-08, that should have been removed from the agency's base budget as a result of position reductions enacted in 2003 Wisconsin Act 33. Funding for this position, which was previously authorized to support the state life insurance fund, is not included in the agency's base budget.

INVESTMENT BOARD

1. OPERATING BUDGET AUTHORITY AND ASSESSMENT PROCESS [LFB Paper 485]

Governor: Eliminate SWIB's statutory annual budget floor of \$20,352,800 and provide that the total amount that the Board may assess the funds for which it has management responsibility may not exceed, in each fiscal year, the greater of the amount that: (a) the Board could have assessed the funds in the second year of the prior fiscal biennium; or (b) 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the prior fiscal year. Require the Board annually, no later than June 15th, to certify to the Department of Administration and the Joint Committee on Finance the maximum amount that the Board may assess the funds in the next fiscal year.

Provide that on September 1, of each year the Board would be required to assess each fund for its share of the Board's operating expenditures for the current fiscal year in an equitable manner.

Under current law, SWIB is required to estimate, on July 1 and January 1 its operating expenses for the next six-month period and to assess each fund for which it has management responsibility for its share of the expenses in an equitable manner. The Board's assessment may not exceed the greater of \$20,352,800 or 0.0275% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year. The Board may, however, request that it be allowed to assess an additional 0.0025% for a fiscal year with the approval of the Joint Committee on Finance under a 14-day passive review process.

In summary, the provisions in the bill: (a) eliminate the statutory annual budget floor of \$20,352,800; (b) modify the basis point calculation for operating expenses from 0.0275% to 0.0325% [a 0.005% increase]; (c) authorize SWIB to assess the greater of the amount that the Board could have assessed the funds in the second year of the prior fiscal biennium, or 0.0325% of the average market value of the assets at the end of each month between November 30 and April 30 of the prior fiscal year; and (d) replace the six-month fund assessment process with an annual assessment process;

As determined under current law, the average month-end market value of assets under management for the period November 30, 2005 through April 30, 2006, was \$81,726,000,000. As a result, budget authority for the 2006-07 adjusted base year was established at \$22,474,700. The Governor has not recommended any change to the Investment Board's adjusted base budget amount. Under current law, the actual budget levels for the 2007-08 fiscal year will be determined by the average month-end market value of assets under management for the period November 30, 2006 through April 30, 2007. The actual budget levels for the 2008-09 fiscal year will be determined by the average month-end market value of assets under management for the

period November 30, 2007 through April 30, 2008.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by providing that the total amount that the Board may assess the funds for which it has management responsibility may not exceed, in 2007-08, the greater of the amount that: (a) the Board could have assessed the funds in the second year of the prior fiscal biennium; or (b) 0.0285% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the prior fiscal year. [The basis-point factor for 2008-09 and subsequent years would be 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the prior fiscal year.]

In addition, require SWIB to report, on or before January 31, 2009, and January 31, 2010, to the Joint Committee on Audit and the Joint Committee on Finance on the implementation and outcomes of initiatives commenced as a result of the increase in the basis-point operating budget provided under the bill.

On June 7, 2007, SWIB notified the Co-Chairs of the Joint Committee on Finance and the Secretary of the Department of Administration that the average month-end market value of assets under management for the period November 30, 2006, through April 30, 2007, totaled \$90,329.2 million. Under current law (0.0275% of assets), SWIB's 2007-08 operating budget authority would be set at \$24,840,500. Under the Committee's provision (0.0285% of assets), SWIB's 2007-08 operating budget authority would be set at \$25,743,800.

JUDICIAL COMMISSION

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$12,600
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Governor/Joint Finance/Senate/Assembly: Provide standard adjustments to the base budget totaling \$6,300 annually for full funding of continuing salaries and fringe benefits.

2. RE-CREATION OF THE JUDICIAL COUNCIL AS A SEPARATE AGENCY

GPR	-\$23,600
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Joint Finance/Senate/Assembly: Delete \$11,800 annually and delete the general program operations; judicial council appropriation.

The provisions of 1995 Wisconsin Act 27 deleted the positions and funding for the Judicial Council and required Judicial Commission staff to provide support functions for the Judicial Council and pay meeting expenses of Judicial Council members. Subsequent action of the Legislature restored some supplies and services funding (currently \$11,800 GPR annually) to the Judicial Commission to offset meeting costs and other supplies and services costs of the Judicial Council.

Under the provisions of the bill, the Judicial Council would be re-created as a separate agency and provided staffing of 1.0 unclassified attorney position. The bill would transfer this supplies and services funding to the Judicial Council's GPR annual general program operations appropriation. [See "Judicial Council."]

JUDICIAL COUNCIL

1. RE-CREATION OF THE JUDICIAL COUNCIL AS A SEPARATE AGENCY

	Funding	Positions
GPR	\$177,600	1.00

Joint Finance/Senate/Assembly: Provide 1.0 unclassified attorney position and \$78,200 in 2007-08, and \$99,400 in 2008-09, to re-create the Judicial Council as a separate agency. Create both a GPR annual general program operations appropriation and a federal aid continuing appropriation under the Judicial Council. Provide that the attorney must be a member in good standing of the State Bar of Wisconsin, must be strictly nonpartisan, and may not make a campaign finance contribution (as defined under state statute) to a candidate for state or local office while employed by the Judicial Council.

Specify that the Executive Director of the Judicial Commission would no longer be required to provide staff services to the Judicial Council. Further, specify that the names of Judicial Council members would now be certified to the Secretary of State by the Judicial Council attorney, not the Executive Secretary of the Judicial Commission.

The provisions of 1995 Wisconsin Act 27 deleted the positions and funding for the Judicial Council and required Judicial Commission staff to provide support functions for the Judicial Council and pay meeting expenses of Judicial Council members. Subsequent action of the Legislature restored some supplies and services funding (currently \$11,800 GPR annually) to the Judicial Commission to offset meeting costs and other supplies and services costs of the Judicial Council.

Under the provisions of the bill, the Judicial Council would be re-created as a separate agency and provided staffing of 1.0 unclassified attorney position. [See "Judicial Commission."]

2. TRANSFER BASE SUPPLIES AND SERVICES FUNDING

GPR	\$23,600
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Joint Finance/Senate/Assembly: Transfer \$11,800 annually in base supplies and services funding for the Judicial Council from the Judicial Commission's general program operations; judicial council appropriation to the Judicial Council's GPR annual general program operations appropriation. Delete the Judicial Commission's general program operations; judicial council appropriation. [See "Judicial Commission."]

JUSTICE

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide standard adjustments totaling \$1,779,600 GPR and -4.5 GPR positions, \$88,300 FED, \$1,259,800 PR and -0.5 PR position, and \$11,800 SEG in 2007-08, and \$1,779,600 GPR and -4.5 GPR positions, \$88,300 FED, \$1,263,800 PR and -0.5 PR position, and \$11,800 SEG in 2008-09. Adjustments are for: (a) turnover reduction (-\$467,500 GPR and -\$119,700 PR annually); (b) removal of noncontinuing elements from the base (-4.5 GPR, and -\$20,600 PR and -0.5 PR position annually); (c) full funding of continuing salaries and fringe benefits (\$2,062,000 GPR, \$88,300 FED, \$812,600 PR, and -\$1,100 SEG annually); (d) reclassifications (\$14,300 GPR, \$26,700 PR, and \$1,600 SEG in 2007-08, and \$14,300 GPR, \$30,700 PR, and \$1,600 SEG in 2008-09); (e) overtime (\$156,000 GPR, \$555,200 PR, and \$11,300 SEG annually); (f) night and weekend differential (\$10,200 GPR and \$2,300 PR annually); (g) full funding of lease costs and directed moves (\$4,600 GPR and \$3,300 PR annually); and (h) offsetting position transfers within the Department's Law Enforcement Services general program operations GPR annual appropriation.

	Funding	Positions
GPR	\$3,559,200	- 4.50
FED	176,600	0.00
PR	2,523,600	- 0.50
SEG	<u>23,600</u>	<u>0.00</u>
Total	\$6,283,000	- 5.00

2. DNA ANALYSIS RESOURCES [LFB Paper 495]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$2,905,100	0.00	\$3,984,000	16.00	\$6,889,100	16.00
PR	<u>844,900</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>844,900</u>	<u>0.00</u>
Total	\$3,750,000	0.00	\$3,984,000	16.00	\$7,734,000	16.00

Governor: Provide \$1,020,400 GPR and 9.0 GPR positions, \$704,900 PR and 6.0 PR positions in 2007-08, and \$1,884,700 GPR and 15.0 GPR positions, and \$140,000 PR in 2008-09, to provide additional staffing and supplies and services resources to the state crime laboratories for deoxyribonucleic acid (DNA) analysis. Under the recommendation, the state crime laboratories would be provided 11.0 additional DNA analysts and 4.0 additional DNA technicians. Assuming a three month period to recruit and fill the positions, the 15.0 DNA analysis positions would be provided nine months of funding in 2007-08. Of the amount provided, salary and fringe benefits funding totals \$416,900 GPR and \$285,900 PR in 2007-08, and \$937,000 GPR in 2008-09.

Under s. 165.77 of the statutes, the state crime laboratories at the Department of Justice (DOJ) are required to provide DNA analysis and maintain a DNA databank. The laboratories are required to analyze the DNA in a human biological specimen, if requested: (a) by a law enforcement agency regarding an investigation; (b) pursuant to a court order; and (c) by an

individual regarding his or her own specimen, subject to rules established by the Department. In 2006-07, the state crime laboratories at DOJ are authorized 29.0 DNA analysts.

Joint Finance/Senate/Assembly: Implement the provisions of 2007 Act 5 by providing an additional 31.0 GPR-funded, DNA analysis-related positions to DOJ, specifically: (a) 29.0 DNA analysts; (b) 1.0 DNA technician; and (c) 1.0 DNA analysis supervisor. Act 5 created 15.0 of these positions on April 1, 2007, with the remaining 16.0 positions authorized, effective July 1, 2007. Due to their creation during 2006-07, 15.0 of these positions are considered base resources.

[In order to address DNA analysis caseload growth, under 2007 SB 39/AB 72 (Act 5), the Governor recommended providing \$96,600 GPR in 2006-07, to support the creation of 15.0 GPR DNA analysis positions on April 1, 2007. Under SB 40, the Governor recommended providing \$1,725,300 and 15.0 positions in 2007-08 (all funds), and \$2,024,700 and 15.0 positions in 2008-09 (all funds), to provide ongoing funding and position authority for this DNA analysis initiative.]

Modify the Governor's recommendations as follows to implement the provisions of Act 5 related to DNA analysis at the state crime laboratories: (a) delete 6.0 PR positions in 2007-08, and associated salary and fringe benefits funding of \$285,900 PR in 2007-08, as Act 5 created all 31.0 positions as GPR-funded positions; (b) provide \$285,900 PR in 2007-08 in supplies and services funding; (c) create 22.0 additional GPR-funded positions in 2007-08, 16.0 additional GPR-funded positions in 2008-09, and additional salary and fringe benefits funding of \$1,230,900 GPR in 2007-08, and \$790,300 GPR in 2008-09; and (d) provide \$1,158,100 GPR in 2007-08, and \$804,700 GPR in 2008-09, in additional supplies and services funding.

3. INTERNET CRIMES AGAINST CHILDREN TASK FORCE [LFB Paper 496]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$700,000	3.00	-\$500	2.00	\$699,500	5.00

Governor: Provide \$350,000 and 3.0 special agents annually to provide additional staffing and supplies and services resources to the Internet Crimes Against Children (ICAC) Task Force. Funding would be provided for the special agents as well as to recruit retired law enforcement officers to assist the task force. Of the amount provided, salary and fringe benefits funding totals \$153,900 in 2007-08, and \$205,000 in 2008-09.

Currently, the task force responds to the threat of individuals using online technology to sexually exploit children. The task force conducts investigations, provides investigative, forensic and prosecutorial assistance to police agencies and prosecutors, encourages statewide and regional collaboration, and provides training for law enforcement, prosecutors, parents, teachers, and other community members. In 2004-05, the task force made 118 arrests. These arrests typically involved using a computer to facilitate a sex crime.

Joint Finance/Senate/Assembly: Delete the provision and instead provide \$352,100 in 2007-08, and \$347,400 in 2008-09, and 2.0 special agents, and 3.0 computer forensic analysts annually, to provide additional resources to the ICAC unit at DOJ. Funding would no longer be provided to recruit retired law enforcement officers to assist the task force.

4. WISCONSIN STATEWIDE INTELLIGENCE CENTER [LFB Paper 497]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$452,400	5.00	-\$452,400	- 5.00	\$0	0.00

Governor: Provide \$452,400 and 5.0 positions in 2008-09 to support the operation of the Wisconsin Statewide Intelligence Center (WSIC) at DOJ's Division of Criminal Investigation. Funding would be utilized to fund a 1.0 special agent in charge, 1.0 special agent, and 3.0 intelligence analysts, as well as supplies and services funding.

The WSIC is undertaking the following activities: (a) building a database of threats and intelligence compliant with federal law; (b) linking state information technology systems, wherever possible, to permit the sharing of data in these separate systems; (c) conducting threat assessments in cooperation with Wisconsin Emergency Management (at the Department of Military Affairs) and establishing a risk analysis database; (d) providing law enforcement agencies broad-level access to a DOJ criminal investigation database (although for specific case information law enforcement agencies may need to follow-up with a WSIC intelligence analyst); (e) providing 24-hour per day access for law enforcement agencies to law enforcement bulletins and broader law enforcement and threats information provided by WSIC or by other intelligence centers or the federal government; and (f) assisting other law enforcement agencies with ongoing criminal investigations.

Joint Finance/Senate/Assembly: Delete provision.

5. PENALTY SURCHARGE SHORTFALL [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR-REV	\$755,200	-\$755,200	\$0
PR	-\$240,200	\$240,200	\$0

Governor: Include the following statutory and funding changes to address a projected shortfall in the penalty surcharge receipts appropriation.

Increase the Amount of the Penalty Surcharge. Increase the penalty surcharge from 26% to 27% of the total fine or forfeiture imposed for most violations of state law or municipal or

county ordinance. The surcharge increase would first apply to offenses committed on the day after publication of the budget act. It is estimated that this increase would result in additional penalty surcharge revenue of \$755,200 in 2008-09.

Appropriation Modifications and Handgun Purchaser Record Check Fees. Rename DOJ's "penalty surcharge receipts" appropriation the "criminal justice program support" appropriation, and provide that penalty surcharge receipts and handgun purchaser record check fees would both be deposited to this receipts appropriation. Under current law, only penalty surcharge revenue is deposited to this appropriation. Increase the handgun purchaser record check fee from \$8 to \$30, effective for firearms restrictions record searches requested on the day after publication of the budget act [see Item #8]. Increased revenue from the handgun purchaser record check fee would be utilized in part to address the shortfall in penalty surcharge funding.

Reduce Penalty Surcharge Funded Appropriations. Generally reduce penalty surcharge funded appropriations in five different state agencies by 5% in 2007-08 (after standard budget adjustments). The fiscal effects of these reductions are described in the budget summaries of each affected agency [Administration -- OJA, Corrections -- Adult Correctional Facilities, Justice, Public Defender, and Public Instruction].

Reduce Affected DOJ Appropriations. Generally reduce expenditure authority under the following agency appropriations by 5% in 2007-08 (after standard budget adjustments).

<u>Appropriation</u>	<u>Reduction Amount 2007-08</u>
Crime Laboratory Equipment and Supplies	\$18,200
TIME System Appropriation	49,400
Drug Enforcement Intelligence Operations	85,900
Drug Crimes Enforcement; Local Grants	42,400
Reimbursement to Counties for Victim-Witness Services	<u>44,300</u>
Total	\$240,200

Joint Finance/Senate/Assembly: Delete provision.

6. INCREASE HANDGUN PURCHASER RECORD CHECK FEE [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR-REV	\$1,408,000	-\$1,408,000	\$0

Governor: Increase the handgun purchaser record check fee from \$8 to \$30, effective for firearms restrictions record searches requested on the day after publication of the budget act. It is estimated that the fee increase would generate additional revenue of \$704,000 annually:

Eliminate the direct deposit of handgun purchaser record check fees into DOJ's handgun

purchaser record check appropriation to support the operation of the handgun purchaser record check program (the "handgun hotline"). Instead provide that DOJ's handgun purchaser record check appropriation be funded from revenues deposited to the new "criminal justice program support" appropriation [see Item #7].

The handgun hotline is projected to end 2006-07 with a deficit of \$969,600. Under SB 40, the additional revenue from increasing the handgun purchaser record check fee would be utilized to: (a) fully fund the cost of the handgun hotline during 2007-09; and (b) address a shortfall in penalty surcharge and handgun purchaser record check fee funding. The penalty surcharge account is estimated to end 2006-07 with a shortfall of \$960,000.

Under current law, when a firearms dealer sells a handgun, the dealer may not transfer possession of that handgun until: (a) the dealer has inspected photographic identification from the purchaser; (b) the purchaser has completed a notification form with the purchaser's name, date of birth, gender, race and social security number so that DOJ may perform an accurate record search; (c) the dealer has submitted the information to DOJ and has requested a firearms restrictions record search; and (d) 48 hours have lapsed (subject to certain extensions) and DOJ has not notified the dealer that the transfer would be a violation of state or federal law. An \$8 fee is assessed on the dealer (who may pass the charge on to the purchaser) for each background check. The fee revenues are remitted to DOJ and are intended to fund the cost of operating the record check program.

Joint Finance/Senate/Assembly: Delete provision.

7. SEXUALLY VIOLENT PERSON COMMITMENT AND REEVALUATION PROCEEDINGS

	Funding	Positions
GPR	\$136,300	1.00

Governor/Joint Finance/Senate/Assembly: Provide \$63,200 in 2007-08 and \$73,100 in 2008-09, and 1.0 attorney position annually to represent the state in sexually violent person commitment and post-commitment proceedings.

Under current law, a petition alleging that an individual is a sexually violent person may be filed by either: (a) DOJ at the request of the "agency with jurisdiction" (either the Department of Corrections or the Department of Health and Family Services); or (b) a district attorney. If an individual is found guilty of a sexually violent offense, he or she is sentenced to prison, while if an individual is found not guilty of or not responsible for a sexually violent offense by reason of insanity or mental disease, defect, or illness, he or she is committed to an institution under the Department of Health and Family Services (DHFS). Subsequent to an individual serving a prison sentence or being released from the care of DHFS for having committed a sexually violent offense, the individual may be committed to DHFS as a sexually violent person based on the petition filed by DOJ or a district attorney. If, after a trial, an individual is determined to be a sexually violent person, the court must enter a judgment on the finding and commit the person as a sexually violent person. In that event, the court must order the person committed to the custody of DHFS for control, care, and treatment until the person is no longer a sexually violent person.

**8. INFORMATION SYSTEM SYSTEMS DEVELOPMENT
SERVICES SPECIALIST**

	Funding	Positions
PR	-\$100,000	1.00

Governor/Joint Finance/Senate/Assembly: Reduce the Department's budget by \$50,000 annually and provide 1.0 information system systems development services specialist position annually to DOJ to provide information system services for the Transaction Information for Management of Enforcement (TIME) System. Under the bill, DOJ would be provided \$70,900 in 2007-08 and \$94,600 in 2008-09 in salary and fringe benefits to fund the position from base resources, but its supplies and services funding would be reduced by \$120,900 in 2007-08 and \$144,600 in 2008-09 to reflect savings from decreased utilization of private information technology contractors.

The TIME System gives Wisconsin law enforcement agencies access to information on state and national wanted, missing, and unidentified persons; national criminal history record information; stolen motor vehicle records; driver and vehicle registration data; and identifiable stolen property listings. The bill would reduce the need for penalty surcharge funding for the TIME System. Under current law, whenever a court imposes a fine or forfeiture for most violations of state law or municipal or county ordinance, the court also imposes a penalty surcharge of 26% of the total fine or forfeiture.

9. EXECUTIVE ASSISTANT

	Positions
GPR	1.00

Governor/Joint Finance/Senate/Assembly: Create position authority for a 1.0 unclassified Executive Assistant annually, to permit the Attorney General to retain an Executive Assistant as authorized under state statute. No funding is provided for the salary and fringe benefits of the position. As a result, DOJ would have to utilize base resources to provide compensation. The Executive Assistant serves at the pleasure of the Attorney General and performs duties as prescribed by the Attorney General.

10. PARTIAL REALLOCATION OF 2005-07 BASE BUDGET REDUCTION

Governor/Joint Finance/Senate/Assembly: Reallocate a portion of the Department's 2005-07 base budget reduction by providing an additional \$64,000 GPR annually in supplies and services funding to Legal Services' GPR general program operations appropriation, and providing offsetting supplies and services funding reductions for the following DOJ appropriations: (a) -\$42,900 GPR annually from Law Enforcement Services' GPR general program operations appropriation; (b) -\$17,300 GPR annually from Administrative Services' GPR general program operations appropriation; and (c) -\$3,800 GPR annually from Victims and Witnesses' GPR general program operations appropriation.

11. SEXUAL ASSAULT FORENSIC EXAMINATION COMPENSATION PROGRAM [LFB Paper 502]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$75,000	\$25,000	\$100,000
PR	<u>- 75,000</u>	<u>0</u>	<u>- 75,000</u>
Total	\$0	\$25,000	\$25,000

Governor: Delete the current law sexual assault forensic examination program, which provides funding of \$37,500 PR annually for the cost of sexual assault forensic exams. Sexual assault forensic exams are utilized to collect forensic evidence from the victims of sexual assault. Funding for the program is provided by the \$8 crime laboratories and drug law enforcement surcharge and by the \$250 DNA surcharge. Instead, create a GPR-funded sexual assault forensic examination compensation program supported by a sum sufficient reimbursement for forensic examinations appropriation. Limit expenditures from this sum sufficient appropriation to \$50,000 annually. Expenditures from the sum sufficient GPR appropriation are estimated at \$37,500 GPR annually under the bill.

Create the following provisions regarding the sexual assault forensic examination compensation program:

Administration. The Department of Justice would be required to administer the program. The Department would be required to appoint a program director to assist in administering the program. The Department would be further required to promulgate rules for the implementation and operation of the program. The rules would be required to include procedures to ensure that any limitation of an award was calculated in a fair and equitable manner.

Application for Awards. Provide that any health care provider who conducts an examination to gather evidence regarding a sex offense could apply for an award under the program. DOJ would be required to prescribe application forms for awards under the program and would be required to furnish health care providers with the forms. A "health care provider" would be defined as any person providing health care services. A "sex offense" would mean an act committed in Wisconsin that, if committed by a competent adult, would be a criminal act constituting: (a) sexual assault; (b) sexual assault of a child; (c) engaging in repeated acts of sexual assault of the same child; (d) sexual exploitation of a child; (e) incest with a child; (f) soliciting a child for prostitution; or (g) sexual intercourse with a child age 16 or older.

In applying for an award, a health care provider would be required to submit to DOJ reports from any physician, physician's assistant, or nurse who treated or examined the victim to gather evidence regarding a sex offense, performed any procedure during that treatment or examination that tested for or prevented a sexually transmitted disease, or provided or prescribed any medication to prevent or treat a sexually transmitted disease. A health care provider could not submit to DOJ any other records than those pertaining to the examination, treatment, procedure, or medication for which the provider was seeking an award under the

program. A "sexually transmitted disease" would mean syphilis, gonorrhea, chlamydia, and other diseases included by rule by the Department of Health and Family Services.

Computation of Awards. A health care provider seeking an award under the program could not seek payment for any examination costs from the victim or any guardian of the victim. A health care provider seeking an award under the program could also not seek payment for any examination costs from insurance or another available source of payment, unless the victim, or any guardian of the victim, authorized the health care provider to seek payment from such third parties. In seeking payment under the program, DOJ would be required to reimburse a health care provider for the examination costs to gather evidence regarding a sex offense, as follows: (a) if the provider was not authorized to seek payment from insurance or another available source of payment, the award under the program would be for examination costs, regardless of whether the victim, or any guardian of the victim, cooperated with a law enforcement agency regarding the sex offense; and (b) if the provider was authorized to seek payment from insurance or another available source of payment and the victim, or any guardian of the victim, did not cooperate with a law enforcement agency regarding the sex offense, the award under the program would be examination costs, reduced by any payment to be received from insurance or another available source of payment.

The Department would not be authorized to make an award under the program if: (a) the health care provider was authorized to seek payment for any examination costs from insurance or another available source of payment; and (b) the victim, or any guardian of the victim, cooperated with a law enforcement agency. The Department could not refuse to make an award under the program because the victim or the guardian of the victim did not cooperate with a law enforcement agency regarding the sex offense, or due to lack of an investigation or prosecution of the sex offense.

"Cooperate with a law enforcement agency" would mean to report a sex offense to a law enforcement agency or to aid a law enforcement agency in the investigation of a sex offense. "Examination costs" would mean the cost of an examination that is done to gather evidence regarding a sex offense, any procedure during that examination process that tests for or prevents a sexually transmitted disease, and any medication provided or prescribed, during that examination process, that prevents or treats a sexually transmitted disease that the person performing the examination or procedure believes could be a consequence of the sex offense. "Examination costs" would not include any processing or administrative costs, attorney fees, or other expenses. A "guardian of the victim" would mean either: (a) if the victim was under 18 years of age, the parent, guardian, or legal custodian of the victim; and (b) if the victim had been determined to be incompetent under Chapter 54 of the statutes (guardianships and conservatorships), the guardian of the victim.

Limitation on Awards. No award under the program could be made unless the application for an award was made within one year after the date of the examination. Further, DOJ could not make an award under the program: (a) that exceeded the examination costs of the victim; (b) for any part of the examination costs of the victim for which the health care provider seeking the award had received compensation from any other source; and (c) if the total dollar amount awarded under the program in any year was greater than \$50,000.

Confidentiality. If a health care provider sought an award under the program, any personally identifiable information of the victim who received the examination would be required to remain confidential unless written consent for the release of any personally identifiable information was provided by either the victim or the guardian of the victim.

Crime Victim Compensation Program. Any award to a victim under the crime victim compensation program would be reduced by any award provided under this program.

State or Local Agency Cooperation. At the request of DOJ, any state or local agency, including a district attorney or law enforcement agency, would be required to make available all reports, files, and other appropriate information which the Department requested in order to make a determination that a health care provider was eligible for an award under the program.

Offenses. In connection with an award under the program, no person could do any of the following: (a) submit a fraudulent application or claim for an award; (b) intentionally make or cause to be made any false statement or representation of a material fact; or (c) intentionally conceal or fail to disclose information affecting the amount of or the initial or continued right to any such award when reasonably requested to provide such information by DOJ. Any person committing such an offense could be fined not more than \$500, or imprisoned not more than six months, or both. Any person committing such an offense would be required to forfeit any benefit received and would be required to reimburse the state for payments received. The state would have a civil cause of action for relief against any person who committed such an offense for the amount of damages that the state sustained by reason of the offense and, in addition, for punitive damages not more than double the amount of damages that the state could have sustained, together with interest, and the cost of the suit. The Attorney General could bring any action and would have such powers as would be necessary to enforce these provisions.

Subpoenas. The Department or any of its authorized agents could issue subpoenas for persons or records for any investigation or hearing conducted under the program and could enforce compliance with such subpoenas.

Hearings. The procedure of Chapter 227 of the statutes (Administrative Procedure and Review) for contested cases would generally apply to hearings under the program. The Department of Administration's Division of Hearings and Appeals would be required to appoint hearing examiners to make findings and orders under the program. All hearings would be required to be open to the public unless in a particular case the examiner determined that the hearing, or a portion of the hearing, would have to be held in private, respecting the fact that either: (a) the offender had not been convicted; or (b) the interest of the victim. In a proceeding under the program, there would be no legal privilege, except legal privileges arising from the attorney-client relationship, as to communications or records relevant to an issue of the physical condition of the victim in a proceeding in which that condition would be an element.

Biennial Report. Modify DOJ's biennial report requirement to the Legislature to require a report of its activities under this program, including all of the following: (a) an explanation of the procedures for filing and processing claims under the program; (b) a description of the programs and policies instituted to promote awareness about the awards under this program; (c) an analysis of future needs and suggested program improvements; (d) a copy of the forms

used by the program; and (e) a complete statistical analysis of the cases handled under the program, including all of the following: (1) the number of claims filed; (2) the number of claims approved and the amount of each award; (3) the number of claims denied and the reasons for rejection; and (4) a breakdown of claims by geographic area and month.

Effective Date. The provisions creating a new reimbursement for forensic examinations sum sufficient appropriation (capped at \$50,000 GPR annually) and statutory language creating a new sexual assault forensic examination compensation program would first apply to examinations conducted on the day after publication of the budget act.

Joint Finance/Senate/Assembly: Re-estimate expenditures at \$50,000 annually (a \$12,500 increase annually) to reflect increased costs under the program to reimburse health care providers for prescription costs incurred for any medication to prevent or treat a sexually transmitted disease. Delete the provision capping expenditures under the program at \$50,000 annually. As a result, the Department would have the authority to fully reimburse all reimbursement claims of health care providers in a given year for the costs of sexual assault forensic exams, regardless of the aggregate total of such claims.

12. INVESTIGATION AND PROSECUTION EXPENSES

Governor/Joint Finance/Senate/Assembly: Permit DOJ to retain moneys received for the expenses of investigation and prosecution of violations, including attorney fees: (a) under Chapter 291 (Hazardous Waste Management) of the statutes; and (b) for violations of Department of Natural Resources' rules governing the control of invasive species. DOJ would first be permitted to retain moneys received for the expenses of investigation and prosecution of violations under Chapter 291 of the statutes for actions commenced under the chapter on the day after publication of the budget act. Specify that moneys be deposited to DOJ's PR continuing investigation and prosecution appropriation.

In 2005-06, \$481,800 was deposited to DOJ's investigation and prosecution appropriation. The administration indicates that provisions under the bill would generate an unknown amount of additional revenue for the DOJ appropriation.

13. APPROPRIATION REPEALS AND MODIFICATION

Governor/Joint Finance/Senate/Assembly: Repeal the following three appropriations: (a) a PR continuing telecommunications positions appropriation under Legal Services for all moneys received from the Public Service Commission for services provided by DOJ relating to telecommunications matters. No moneys may be encumbered from the appropriation after June 30, 1999; (b) a GPR annual drug enforcement appropriation under Law Enforcement Services for drug law enforcement programs to work with local law enforcement agencies in a coordinated effort, and for operating costs of the crime laboratory in the City of Wausau; and (c) a FED continuing federal aid, drug enforcement appropriation for all moneys received from the federal government for drug law enforcement programs to work with local law enforcement

agencies in a coordinated effort, and for operating costs of the crime laboratory in the City of Wausau. None of these appropriations were funded under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act).

Specify that DOJ would no longer offer and pay rewards for tips provided to DOJ's drug tipline from the repealed GPR annual drug enforcement appropriation, but rather from Law Enforcement Services' federal aid, state operations appropriation.

14. TRIBAL LAW ENFORCEMENT GRANT PROGRAM

PR	\$160,000
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Joint Finance/Senate/Assembly: Provide \$80,000 annually to the tribal law enforcement grant program and specify that this funding be annually awarded to the Lac Courte Oreilles Band of Lake Superior Chippewa Indians for tribal law enforcement services. Further, specify that DOJ may not consider this designation when determining grant awards from the base funding under the program. Under current law, \$700,000 annually in tribal gaming revenues is allocated to DOJ for grants under this program.

15. MEDICAID FRAUD CONTROL UNIT

Joint Finance/Senate/Assembly: Provide the following funding and position authority to increase staffing to the Medicaid Fraud Control Unit: (a) \$36,500 GPR in 2007-08, \$48,700 GPR in 2008-09, and 0.5 GPR-funded auditor position to the Legal Services' general program operations appropriation; and (b) \$109,500 FED in 2007-08, \$146,100 FED in 2008-09, and 1.5 FED-funded auditor positions to the Legal Services' federal aid appropriation. The GPR funding would serve as the required state match to draw down federal funds to provide additional staffing to the Unit.

	Funding	Positions
GPR	\$85,200	0.50
FED	<u>255,600</u>	<u>1.50</u>
Total	\$340,800	2.00

The Medicaid Fraud Control Unit investigates and prosecutes crimes committed against vulnerable adults in nursing homes and other facilities, as well as fraud perpetrated by providers against the Wisconsin Medicaid Program. The Unit is predominantly funded with federal funding.

LEGISLATURE

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$4,065,300
PR	268,500
Total	\$4,333,800

Governor/Joint Finance/Senate/Assembly: Provide standard adjustments totaling \$2,029,600 GPR and \$127,800 PR in 2007-08 and \$2,035,700 GPR and \$140,700 PR in 2008-09. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (\$2,122,400 GPR and \$112,800 PR annually); (b) turnover reduction (-\$110,100 GPR annually); (c) full funding of lease costs (\$17,300 GPR and \$2,800 PR in 2007-08 and \$23,400 GPR and \$2,800 PR in 2008-09); and (d) funding of position reclassifications (\$12,200 PR in 2007-08 and \$25,100 PR in 2008-09).

2. ELIMINATE REVISOR OF STATUTES BUREAU

	Funding	Positions
GPR	-\$594,500	- 10.00

Joint Finance/Senate/Assembly: Eliminate the Revisor of Statutes Bureau effective December 31, 2007. Delete \$925,400 in 2008-09 and 10.0 positions annually associated with the Revisor of Statutes Bureau. Specify that no monies may be expended from the appropriation after June 30, 2008.

Transfer the Revisor of Statutes Bureau's duties and responsibilities associated with the Wisconsin Statutes, Administrative Code and the Wisconsin Administrative Register to the Legislative Reference Bureau. Eliminate the requirement that the Revisor of Statutes Bureau employ individuals in the classified service, and supervise and train the personnel assigned to the Revisor. Delete statutory provisions related to the Revisor of Statutes attendance at specific committee meetings, and regional and national conferences. Eliminate the requirement that the Revisor of Statutes Bureau pay the expenses of attendance at meetings of members of the Commission on Uniform State Laws who are appointed by the Governor.

Provide \$111,100 in 2007-08 and \$219,800 in 2008-09 and create 2.0 unclassified positions, beginning in 2007-08, in the Legislative Reference Bureau. Delete 1.0 position annually in the Legislative Council as designated by the Director of the Legislative Council Staff in lieu of transferring functions of the Revisor of Statutes Bureau to the Legislative Council staff. Delete 1.0 position annually in the Senate as designated by the Senate Chief Clerk.

Specify that if requested by any person who holds an attorney position at the Revisor of Statutes Bureau, the Chief of the Legislative Reference Bureau will interview the person to fill an attorney position at the Reference Bureau. Specify that if requested by any person who holds a publications editor position at the Revisor of Statutes Bureau, the Chief of the Reference Bureau will interview the person to fill a publications editor position at the Reference Bureau. Require that the Chief of the Reference Bureau offer employment at the Reference Bureau, beginning on or before December 31, 2007, to one person who holds an attorney position and one person who holds a publications editor position at the Revisor of Statutes Bureau. Specify that those employees holding positions in the classified service at the Revisor of Statutes Bureau

who have achieved permanent status in class and are offered and accept an unclassified position in the Legislative Reference Bureau, retain, while serving in the unclassified service at the Legislative Reference Bureau, those protections afforded employees in the classified service relating to demotion, suspension, discharge, layoff or reduction in base pay. Further, specify that the attorney position also has reinstatement privileges, and that the editor position has reinstatement privileges and restoration rights to the classified service.

3. ACTUARIAL STUDY

GPR	\$15,000
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Joint Finance/Senate/Assembly: Provide \$15,000 GPR in 2007-08 to the Joint Legislative Council contractual studies appropriation for an actuarial opinion on 2007 Senate Bill 19 or 2007 Assembly Bill 43, and amendments to either bill, relating to creditable military service under the Wisconsin Retirement System. Request the Joint Survey Committee on Retirement Systems to contract for an actuarial opinion on 2007 SB 19 or AB 43.

LIEUTENANT GOVERNOR

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$11,000
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Governor/Joint Finance/Senate/Assembly: Provide \$5,500 annually for full funding of continuing position salaries and fringe benefits.

LOWER FOX RIVER REMEDIATION AUTHORITY

1. CREATE AUTHORITY

GPR	\$100,000
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Joint Finance/Senate/Assembly: Provide \$100,000 GPR and create a Lower Fox River Remediation Authority. Authorize the Authority to issue assessment bonds for eligible waterway improvement costs, which would generally include environmental investigation and remediation of the Fox River extending from Lake Winnebago to the mouth of the river in Lake Michigan, and including any portion of Green Bay in Lake Michigan containing sediments discharged from the River, as described in an administrative or judicial order or decree or an administrative or judicially approved agreement. A consenting landowner could submit an application to the Authority to request the Authority to issue bonds for eligible waterway improvement costs. The consenting landowner making application would have to agree to the levy of an assessment against affected property owned by the landowner for the bond repayment costs, costs of financing and associated administrative costs, fees, and reserves. The Authority would calculate the amount of the assessment and levy the assessment on the consenting landowner. The landowner would pay the assessment to the Authority. The Authority would use the assessment to repay the bonds and associated costs. The state would not be liable for the Authority's bonds, and the bonds would not be debt of the state.

Definitions. The following definitions would be created.

a. "Affected property" means real property in this state that is owned by a person who, with respect to the property, is responsible for waterway improvement costs due to discharges from the property into the Fox River extending from Lake Winnebago to the mouth of the river in Lake Michigan, and including any portion of Green Bay in Lake Michigan containing sediments discharged from the Fox River.

b. "Authority" means the Lower Fox River Remediation Authority.

c. "Board" means the Board of Directors of the Authority.

d. "Bond" means any bond, note or other obligation of the Authority issued under this provision, including any refunding bond.

e. "Bond resolution" means a resolution of the Board authorizing the issuance of, or providing terms and conditions related to, bonds issued under this provision and includes, where appropriate, any trust agreement or trust indenture providing terms and conditions for the bonds.

f. "Consenting landowner" means a person who owns affected property, or a parent or subsidiary of such a person, who requests the Authority to issue bonds for waterway improvement costs, and who consents to the levy of an assessment on the affected property.

g. "Waterway improvement" means any of the following environmental actions, taken under an administrative or judicial order or decree or an administrative or judicially approved agreement, related to discharges into the Fox River: (1) determining if a discharge occurred, whether the discharge poses a significant threat to human health and the environment, or whether additional remedial actions may be required with respect to the discharge; (2) conducting a feasibility study; (3) planning for remedial action or removal; and (4) conducting remedial action or removal.

h. "Waterway improvement costs" means the costs of waterway improvements and any of the following: (1) the reasonable cost of financing and associated administrative costs incurred by the Authority; (2) the fees and charges imposed by the Authority or by others in connection with the financing; and (3) a reserve for payment of the principal of and interest on the bonds.

Creation and Organization. Create a public body politic and corporate to be known as the "Lower Fox River Remediation Authority". The Board of Directors of the Authority would consist of seven members nominated by the Governor, and with the advice and consent of the Senate appointed for staggered seven-year terms. The term of one of the initial members would expire on June 30 of each year between 2009 and 2015. Members would be residents of the state, and not more than four may be members of the same political party. The members of the Board of Directors of the Authority would be appointed to seven-year terms with one expiring on each June 30. Each member's appointment would remain in effect until a successor is appointed. Annually, the Governor would appoint one member as chairperson and the Board would elect one member as vice chairperson.

The Board would appoint an executive director and may appoint an associate executive director who would not be members of the Board and who would serve at the pleasure of the Board. They would receive such compensation as the Board fixes, except that the compensation of the executive director would not exceed the maximum of the salary range established for positions assigned to executive salary group 4 and the compensation of each other employee of the Authority would not exceed the maximum of the salary range established for positions assigned to executive salary group 3. The executive director or associate executive director or other person designated by resolution of the Board of Directors would keep a record of the proceedings of the Authority and be custodian of all books, documents and papers filed with the Authority, and its official seal. The executive director or associate executive director or other person may cause copies to be made of all minutes and other records and documents of the Authority and may give certificates under the official seal of the Authority to the effect that such copies are true copies, and all persons dealing with the Authority may rely upon such certificates.

Four members of the Board would constitute a quorum. The affirmative vote of a majority of all the members of the Board would be necessary for any action taken by the Authority. A vacancy in the membership of the Board of Directors would not impair the right of a quorum to exercise all of the rights and perform all the duties of the Authority. Each meeting of the Board would be open to the public. Notice of meetings, or waivers thereof, would be as provided in the bylaws of the Authority. Resolutions of the Authority need not be published or posted. The Authority may

delegate by resolution to one or more of its members or its executive director such powers and duties as it deems proper.

The members of the Board would receive no compensation for the performance of their duties as members, but each member would be reimbursed for actual and necessary expenses while engaged in the performance of the member's duties.

It would not be a conflict of interest or violation of this provision for a trustee, director, officer or employee of a consenting landowner or for a person having the required favorable reputation for skill, knowledge and experience in state and municipal finance or for a person having the required favorable reputation for skill, knowledge and experience in the field of environmental remediation to serve as a member of the Board of Directors of the Authority. If in each case to which the previous point is applicable, the trustee, director, officer or employee of the consenting landowner would abstain from discussion, deliberation, action and vote by the Authority in specific respect to any undertaking in which the consenting landowner has an interest, or the person having the required experience in state and municipal finance would abstain from discussion, deliberation, action and vote by the Authority in specific respect to any sale, purchase or ownership of bonds of the Authority in which any business of which such person is a participant, owner, officer or employee has a past, current or future interest, or such person having the required experience in the field of environmental remediation would abstain from discussion, deliberation, action and vote by the Authority in specific respect to construction or acquisition of any project of the Authority in which any business of which such person is a participant, owner, officer or employee has a past, current or future interest.

Any employee of the Authority shall be exempt from subch. II of ch. 230 of the statutes (relating to civil service requirements), except s. 230.40 (relating to prohibiting certain political activity on the job) would apply.

Powers of the Authority. The Authority would have all the powers necessary or convenient to carry out and effectuate the purposes of the provision. In addition, the Authority may do any of the following: (a) adopt bylaws, policies and procedures for the regulation of its affairs and the conduct of its business; (b) adopt an official seal and alter it at pleasure; (c) maintain an office; (d) sue and be sued in its own name, plead and be impleaded; (e) enter into any contracts that are necessary or useful for the conduct of its business; (f) employ or contract for attorneys, accountants and financial experts and any other employees and agents as it finds necessary and fix their compensation; (g) appoint any technical or professional advisory committees that the Authority finds necessary, define the duties of any committee, and provide reimbursement of the expenses of the committee; (h) accept contributions or grants in money, property, labor or other things of value and, comply with any restrictions on the use of the contribution or grant; (i) obtain, or aid in obtaining, from any department or agency of the United States or of this state or any private company, any insurance or guaranty concerning the payment or repayment of, all or part of the interest or principal, or both, on any bond issued under this provision; and (j) to enter into any agreement, contract or any other instrument with respect to that insurance or guaranty, to accept payment in the manner and form provided therein in the event of default in payment of the bonds and to assign the insurance or guaranty as security for the Authority's

bonds.

Expenses. All expenses of the Authority would be payable solely from funds provided to the Authority, and no liability may be incurred by the Authority beyond the extent to which moneys have been provided under this provision.

Provide \$100,000 GPR in 2007-08 in a biennial appropriation for the establishment and initial costs of the Authority. The Authority would use the appropriation for the purposes of meeting the necessary expenses of initial organization and operation of the Authority. Any funds spent from the initial costs appropriation would be assessed to, and apportioned among, consenting landowners in an equitable manner, and the Authority would repay the initial costs to the Department of Administration for deposit in the general fund. Ongoing operational and management costs would be assessed to and apportioned among consenting landowners in an equitable manner, in connection with the Authority's initial bond issues, as the Authority may determine.

Application for Bond Issuance. One or more owners of affected property may apply to the Authority for the issuance of bonds to finance all or a portion of the waterway improvement costs associated with the affected property. The application would have to include all of the following: (a) a copy of an administrative or judicial order or decree or an administrative or judicially approved agreement that imposes financial responsibility for a waterway improvement on the applicant or applicants; (b) an acknowledgement by the applicant or applicants that the waterway improvement will confer a benefit on the affected property; (c) the consent of the applicant or applicants to the levy of an assessment by the Authority on the affected property; and (d) a waiver by the applicant or applicants of any requirement for notice and hearing and of any right to oppose the levy of the assessments. An applicant may recommend to the Authority an underwriter for the bonds issued to finance all or a portion of the waterway improvement costs.

Approval of Application and Issuance of Bonds. The Board may approve an application for issuance of bonds if it complies with the submission of the required information, and if the Authority makes a determination that the waterway improvement will last for many years and will result in long-term benefits to this state. The Authority may issue bonds to finance all or a portion of the waterway improvement to which an approved application applies.

The Authority would be required to notify the Department of Natural Resources (DNR) of its action on an application at the same time it notifies the applicant or applicants.

All of the Authority's bonds would be negotiable for all purposes, notwithstanding their payment from a limited source. The Authority shall employ the Building Commission as its financial consultant to assist and coordinate the issuance of bonds of the Authority.

The bonds of each issue would be payable solely out of a special fund into which would be deposited the assessments calculated by the Authority, and levied by the Authority against the affected property of consenting landowners.

The bonds may be issued as serial bonds or as term bonds, or the Authority may issue bonds of both types. The bonds shall be authorized by a bond resolution of the Authority and shall bear such dates, mature at such times not exceeding 30 years from their respective dates of issue, bear interest at such rates, fixed or variable, be payable at such times, be in such denominations, be in fully registered form, carry such registration and conversion privileges, be executed in such manner, be payable in lawful money of the United States at such places, and be subject to such terms of redemption as the bond resolution provides. The bonds shall be executed by the manual or facsimile signatures of such officers of the Authority as it designates. The bonds may be sold at public or private sale for such price and in such manner and from time to time as the Authority determines.

Any bond resolution may contain provisions, which would be a part of the contract with the holders of the bonds to be authorized, as to: (a) the setting aside of reserves or sinking funds, and the regulation, investment and disposition thereof; (b) limitations on the purpose to which or the investments in which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied; (c) the refunding of outstanding bonds; (d) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; (e) defining the acts or omissions to act which shall constitute a default in the duties of the authority to holders of its obligations, and providing the rights and remedies of such holders in the event of a default; and (f) any other matters relating to the bonds which the Authority deems desirable.

Neither the members of the Board nor any persons executing the bonds are liable personally for the bonds or subject to any personal liability or accountability by reason of the issuance of the bonds.

The Authority would pay the net proceeds of bonds issued under the provision to the entity to which moneys for waterway improvements are required to be paid by the administrative or judicial order or decree or administratively or judicially approved agreement. The entity would only be allowed to use the bond proceeds for eligible waterway improvement costs. If the actual waterway improvement costs to be paid from the Authority's bonds are less than the assessments levied by the Authority, the entity would return the excess to the Authority.

Assessments. Before the Authority issues bonds, the Authority would calculate the amount to be assessed against the affected property of consenting landowners whose application for issuance of bonds is approved. The Authority would levy the assessment on the affected property of the consenting landowner. The consenting landowner would pay the assessment to the Authority. The assessment is a lien against the affected property. The Authority would be required to record the lien of assessment with the County Register of Deeds.

The assessment levied on affected property of consenting landowners would be required to be sufficient to do all the following: (a) pay the share of the administrative costs of the

Authority that is allocated to the bond issue; (b) pay the costs of any financial and legal services incurred by the Authority and other item of direct or indirect cost that may reasonable be attributed to processing the application, issuing the bonds, and imposing the assessment on the affected property; (c) pay the principal of, the premium, if any, and the interest on outstanding bonds of the Authority issued to finance waterway improvement costs as they become due and payable; and (d) create and maintain reserves which may, but need not, be required or provided for in the bond resolution relating to such bonds of the Authority.

If the Authority assesses more than one consenting landowner in connection with a bond issue, it would determine the amount to be assessed on the affected property of each consenting landowner in a manner that would be consistent with the administrative or judicial order or decree or administrative or judicially approved agreement that describes the waterway improvement. In making a determination of the amount to be assessed, the Authority would consider such factors as present and past capacity for discharges, estimates of actual discharges, the degree of toxicity and water quality characteristics of past and present discharges, involvement in the generation, treatment, transportation, storage or disposal of discharged substances, degree of care exercised in reducing discharges, and the amount of impervious surface on a property. The Authority would also have to make a determination that the waterway improvement will last for many years and result in long-term benefits to this state.

Before finalizing its determination of the amount of an assessment to be levied on affected property, the Authority would pass a preliminary resolution declaring its intention to do so. The resolution would include a general description of the contemplated purpose of the assessment, a description of the affected property proposed to be assessed, the number of installments in which the assessments may be paid, or a statement that the number of installments will be determined at the hearing required under this section, and a direction to an officer or employee of the Authority to make a report on the proposal.

The report required by the preceding paragraph would consist of: (a) a reference to the agreement or order that describes the waterway improvement; (b) a schedule of the proposed assessments; and (c) an estimate, as to each parcel of affected property, of the assessment to be levied. The officer or employee of the Authority making the report would file a copy of the report with the Authority for public inspection.

After completion and filing of the report required above, the Authority would prepare a public notice describing: (a) the proposed parcels of affected property to be assessed; (b) the place and time at which the report may be inspected; and (c) the place and time at which all interested persons, or their agents or attorneys, may appear before the Authority and be heard concerning the matters contained in the preliminary resolution and the report. The Authority would publish the notice as a class 1 notice, under ch. 985 of the statutes. The hearing concerning the levying of the proposed assessment would commence not less than 10 days and not more than 40 days after publication of the notice.

After the hearing about the levying of an assessment, the Authority may approve, disapprove or modify the report, or it may refer the report to the designated officer or employee

of the Authority with directions to change the assessments to accomplish a fair and equitable assessment. After approving the report, the Authority would adopt a resolution approving the amount of the assessments, authorizing the issuance of bonds, and directing that the net proceeds of its bonds be transferred to the entity to which moneys are required to be paid by the administrative or judicial order or decree or administratively or judicially approved agreement. The Authority would publish the final resolution as a class 1 notice, under ch. 985 of the statutes. After the final resolution is published, the Authority would levy the assessments and issue the bonds.

If the actual waterway improvement costs to be paid from the Authority's bonds are found to vary materially from the estimates, if any assessment is void or invalid, or if the Board decides to reopen and reconsider any assessment, it may, after publishing a class 1 notice, under ch. 985 of the statutes, adopt a resolution amending, canceling or confirming the prior assessment. If an assessment is amended to provide for the refunding of bonds, all direct and indirect costs reasonably attributable to the refunding of the bonds may be included in the amended assessment. If the actual waterway improvement costs to be paid from the Authority's bonds are less than the assessments levied, the Authority could use unspent bond proceeds to pay a portion of the outstanding bonds, and then would reduce each assessment proportionately.

After the 90th day after the date on which a bond is issued, the bond is conclusive evidence of the legality of all proceedings up to and including the issue of the bond and is prima facie evidence of the proper application of the proceeds of the bond.

Bond Security. The Authority may enter into a trust agreement or trust indenture between the Authority and one or more corporate trustees, which may be any trust company or bank having the powers of a trust company. The bond resolution providing for the issuance of bonds shall pledge the assessments to be received by the Authority with respect to the bonds referred to in the resolution. The pledge is valid and binding from the time that the resolution is adopted. The revenues pledged are immediately subject to the lien of the pledge without any physical delivery or any further act. The lien is valid and binding as against all persons having claims in tort, contract, or otherwise against the Authority, irrespective of whether the persons have notice of the lien. Neither the bond resolution nor any financing statement, continuation statement, or other instrument by which a pledge is created or by which the Authority's interest in revenues is assigned need be filed or recorded in any public records in order to perfect the lien of the pledge as against third parties, except that the Authority would file a copy of the instrument in the records of the Authority and with the Department of Financial Institutions.

A bond resolution could: (a) contain such provisions for protecting and enforcing the rights and remedies of the bondholders as are reasonable and proper and not in violation of law; restrict the individual right of action by bondholders; and (c) contain any other provisions that are determined by the Board to be reasonable and proper for the security of the bondholders.

Refunding Bonds. The Authority may issue bonds to refund any outstanding bond of the Authority, including the payment of any redemption premium on the outstanding bond or indebtedness and any interest accrued or to accrue to the earliest or any subsequent date of redemption, purchase, or maturity. The Authority may apply the proceeds of the bonds issued to refund or refinance any outstanding bond to the purchase or retirement at maturity or redemption of the outstanding bond either on the earliest or any subsequent redemption date, upon purchase, or at the maturity of the bond. The Authority may, pending application of the proceeds, place the proceeds in escrow to be applied to the purchase, retirement at maturity, or redemption of any outstanding bond at any time.

If the Authority determines that it is necessary to amend the prior assessments in connection with the issuance of refunding bonds under this section, it may reconsider and reopen the assessments. If the assessments are amended, the refunding bonds shall be secured by, and be payable from, the assessments as amended. If the assessments are amended, all direct and indirect costs reasonably attributable to the refunding of the bonds may be included in the cost of the waterway improvements being financed.

All refunding bonds issued under this provision would be subject to this provision in the same manner and to the same extent as other bonds issued pursuant to this provision.

Bonds not Public Debt. The state is not liable for bonds of the Authority, and the bonds are not a debt of the state. Each bond of the Authority would contain a statement to this effect on the face of the bond. The issuance of bonds under this provision would not, directly or indirectly or contingently, obligate the state or any political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment. The Authority has no power to pledge its full faith and credit to the payment of bonds authorized under this provision.

Nothing in this provision authorizes the Authority to create a debt of the state, and all bonds issued by the Authority under this provision are payable, and shall state that they are payable, solely from the special fund containing the assessments and other amounts pledged for their payment in accordance with the bond resolution authorizing their issuance or in any trust agreement or trust indenture entered into to provide terms and conditions for the bonds. The state would not in any event be liable for the payment of the principal of or interest on any bonds of the Authority or for the performance of any pledge, obligation or agreement which may be undertaken by the Authority. No breach of any such pledge, obligation or agreement may impose any pecuniary liability upon the state or any charge upon its general credit or against its taxing power.

State Pledge. The state pledges to and agrees with the holders of any obligations issued under this provision, and with persons that enter into contracts with the Authority under this provision, that the state will not limit or alter the rights vested in the Authority before the Authority has fully met and discharged the bonds, including any interest due on the bonds, and has fully performed its contracts, unless adequate provision is made by law for the protection of the bondholders or persons entering into contracts with the Authority.

Trust Funds. All moneys received by the Authority, whether as proceeds from the sale of bonds or as assessments or fees, shall be deemed to be trust funds to be held and applied solely as provided in this provision. Any officer with whom, or any bank or trust company with which, such moneys are deposited would act as trustee of such moneys and would hold and apply the same for the purposes of this provision, subject to any regulations as this provision and the bond resolution authorizing the bonds of any issue provide.

Rights of Bondholders. Any holder of bonds issued under this provision or a trustee under a trust agreement, trust indenture, indenture of mortgage or deed of trust entered into under this provision may, by any suitable form of legal proceedings, protect and enforce any rights under the laws of this state or granted by the bond resolution, except to the extent that their rights are restricted by the bond resolution. These rights include: (a) the right to compel the performance of all duties of the Authority required by this provision or the bond resolution; (b) to enjoin unlawful activities; and (c) in the event of default with respect to the payment of any principal of, and the premium, if any, and interest on any bond or in the performance of any covenant or agreement on the part of the authority in the bond resolution, with full power to pay, and to provide for payment of, principal of and premium, if any, and interest on the bonds, and with the powers, subject to the direction of the court, as are permitted by law and are accorded receivers, excluding any power to pledge additional revenues of the Authority to the payment of such principal, premium and interest.

Investment of Funds. The Authority may invest funds in any of the following: (a) bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States; (b) certificates of deposit or time deposits constituting direct obligations of any bank that are insured by the federal deposit insurance corporation; (c) certificates of deposit constituting direct obligations of any credit union that are insured by the national board, as defined in s. 186.01(3m); (d) certificates of deposit constituting direct obligations of any savings and loan association or savings bank that are insured by the federal deposit insurance corporation; (e) short-term discount obligations of the federal national mortgage association; or (f) any of the investments provided under s. 66.0603(1m)(a) of the statutes. Any such securities may be purchased at the offering or market price thereof at the time of such purchase.

The notes and bonds of the Authority are securities in which all public officers and bodies of this state and all political subdivisions and public officers thereof, all banks, trust companies, savings banks and institutions, savings and loan associations, investment companies, and all personal representatives, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control.

Reports and Records. The Authority would keep an accurate account of all its activities and of all its receipts and expenditures, and would annually in January make a report thereof to the Governor and the chief clerk of each house of the Legislature, for distribution to the Legislature under s. 13.172(2) of the statutes. The reports shall be in a form approved by the State Auditor. The State Auditor may investigate the affairs of the Authority, may examine the properties and

records of the Authority, and may prescribe methods of accounting and the rendering of periodical reports in relation to activities undertaken by the Authority.

The Authority, annually on January 15, shall file with the Department of Administration and the Joint Legislative Council, a complete and current listing of all forms, reports and papers required by the Authority to be completed by any person, other than a governmental body, as a condition of obtaining the approval of the Authority or for any other reason. The Authority shall attach a blank copy of each such form, report or paper to the listing.

Other Provisions. The Authority would be subject to or exempt from a range of statutes and regulations, including the following: (a) the Authority would be subject to state laws regulating lobbying activities; (b) the Authority would be included among the entities to which the Legislative Fiscal Bureau has access, including any books, records, or other documents maintained by the Authority relating to its expenditures, revenues, operations, and structure; (c) the Secretary of the Department of Administration (DOA) and his or her designated employees could enter the Authority's office and examine its books and accounts and any other matters that in the Secretary's judgment should be examined, and interrogate the Authority's employees publicly or privately relative thereto; (d) the Authority would not be subject to requirements for state agencies related to surveillance of state employees; (e) the Authority, its officers, and employees would be required to cooperate with the DOA Secretary, and assist the Secretary in preparing the state budget report and budget bill as the Secretary or Governor may request, and, upon request, provide the Secretary such information concerning anticipated revenues and expenditures as the Secretary requires for effective control of state finances; (f) the Authority would be subject to certain provisions of state law regarding accounting, purchasing and bidding, including requirements with respect to nondiscriminatory contracting practices; (g) the Authority would be subject to requirements related to dual employment of individuals by state agencies and authorities; (h) the employees and members of the Board of Directors would be required to file ethics disclosure forms; (i) the Authority would not be included in the definition of a "state agency" for the purpose of purchase of alternative fuels, applicability of resource recycling and recovery programs, and removal of ozone-depleting refrigerant; (j) the Authority would not be included in the definition of a "state agency" for requirements related to making purchases and awarding contracts to the low bidder; (k) the Authority would be included in the requirements that state agencies must follow related to hiring of employees; (L) the Authority would be included in state open records and open meetings laws; and (m) the Authority would not be included in the definition of a "state agency" for purposes of the Wisconsin retirement system.

LOWER WISCONSIN STATE RIVERWAY BOARD

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$32,800
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Governor/Joint Finance/Senate/Assembly: Provide \$16,400 annually from the conservation fund (75% water resources account and 25% forestry account) for full funding of continuing salaries and fringe benefits.

MEDICAL COLLEGE OF WISCONSIN

1. TRANSLATIONAL RESEARCH PROGRAM [LFB Paper 185]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$2,500,000	-\$2,500,000	\$0

Governor: Provide \$2,500,000 in 2008-09 to the Medical College of Wisconsin (MCW) for a translational research program. Define translational research as the transfer of knowledge gained from basic research to new and improved methods of preventing, diagnosing, or treating disease, as well as the transfer of clinical insights into hypotheses that can be tested and validated in a basic research laboratory. Specify that MCW could not use these moneys to supplant funds available for translational research from other sources. Require MCW to report annually to the appropriate standing committees of the Legislature and the Governor on the research projects conducted under this program in the previous fiscal year.

Joint Finance/Senate/Assembly: Delete provision.

2. DEBT SERVICE REESTIMATE [LFB Paper 175]

GPR	\$41,300
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Governor/Joint Finance/Senate/Assembly: Reestimate debt service costs by -\$85,600 in 2007-08 and \$126,900 in 2008-09.

MILITARY AFFAIRS

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide standard budget adjustments totaling \$343,000 GPR, \$2,061,100 FED, and \$212,400 PR, annually. Adjustments are for: (a) turnover reduction (-\$90,200 GPR and -\$210,000 FED annually); (b) full funding of continuing salaries and fringe benefits (\$395,700 GPR, \$1,780,000 FED, and \$164,900 PR annually); (c) overtime (\$37,500 GPR, \$419,400 FED, and \$42,900 PR annually); and (d) night and weekend differential (\$71,700 FED and \$4,600 PR annually).

GPR	\$686,000
FED	4,122,200
PR	424,800
Total	\$5,233,000

2. DEBT SERVICE REESTIMATES [LFB Paper 175]

Governor/Joint Finance/Senate/Assembly: Reestimate debt service costs related to National Guard facilities operated by the Department by \$389,200 in 2007-08 and \$481,500 in 2008-09. Base level funding for debt service is \$3,784,200 annually.

GPR	\$870,700
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3. MAJOR DISASTER ASSISTANCE PROGRAM [LFB Paper 525]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$6,000,000	1.00	\$0	-1.00	-\$6,000,000	0.00

Governor: Convert the Division of Emergency Management's major disaster assistance, petroleum inspection fund SEG annual appropriation to a continuing appropriation, and delete the entire \$3,000,000 annually in base expenditure authority. As a continuing appropriation, any amounts appropriated will not lapse back to the petroleum inspection fund at the end of a fiscal year, but instead will remain in the appropriation until expended. Provide 1.0 position under the appropriation to administer the major disaster assistance program.

Provide that the dollar amount for this appropriation be increased in 2007-08 by an amount equal to the unencumbered balance in the appropriation immediately before the lapse of any money remaining in the appropriation on June 30, 2007. The Governor indicates that the new position would be funded from unencumbered balances carried over from 2006-07.

Under 2005 Wisconsin Act 269, the state created a disaster assistance program to make payments to local units of government for governmental damages and costs incurred as the result of a major catastrophe. Act 269 created two appropriations to make disaster payments under the program to local units of government. A major disaster assistance GPR annual appropriation was created under DMA funded at \$0. In addition, a major disaster assistance SEG annual appropriation was also created under DMA funded at \$3 million SEG annually

(from the petroleum inspection fund). The act did not provide funding or position authority to DMA to administer the program.

Joint Finance/Senate/Assembly: Provide that up to \$1,000,000 in unencumbered balances in the major disaster assistance, petroleum inspection fund SEG appropriation immediately before the lapse of any money remaining in the appropriation on June 30, 2007 (instead of the entire unencumbered balance), be provided to this converted SEG continuing appropriation in 2007-08. Delete 1.0 position under the appropriation to administer the program.

4. FUEL AND UTILITY COST INCREASES

GPR	\$715,000
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Governor/Joint Finance/Senate/Assembly: Provide \$296,000 in 2007-08 and \$419,000 in 2008-09 for increased fuel and utility costs at agency facilities. Base level funding for agency energy costs is \$2,523,300.

5. UTILITY FUNDING FOR AIR BASES

GPR	\$40,000
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Governor/Joint Finance/Senate/Assembly: Provide \$15,000 in 2007-08 and \$25,000 in 2008-09 for fuel and utility funding at the following new facilities: (a) a hanger expansion at Mitchell Field (Milwaukee); and (b) a munitions facility at Truax Field (Madison).

6. NATIONAL GUARD TUITION GRANTS [LFB Paper 526]

GPR	-\$1,126,500
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Joint Finance/Senate/Assembly: Reestimate the amounts appropriated for National Guard Tuition Grants by -\$668,500 in 2007-08 and -\$458,000 in 2008-09 related to expected decreases in reimbursements due to increased tuition and fee remittance requirements at University of Wisconsin System and Wisconsin Technical College system institutions. 2005 Wisconsin Act 468 specifies that these institutions remit 100% of tuition and fees for eligible veterans as of the 2007-08 academic year. Previously these institutions were required to remit 50% of tuition and fees for eligible veterans.

MISCELLANEOUS APPROPRIATIONS

1. OPERATING NOTE INTEREST AND ISSUANCE COSTS

GPR	\$23,625,000
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Governor/Joint Finance/Senate/Assembly: Provide \$11,725,000 in 2007-08 and \$11,200,000 in 2008-09 for estimated interest costs on operating notes. In addition, provide \$350,000 annually for operating note issuance costs. The administration estimates operating notes of \$600,000,000 in each year. The funding reflects the size of the notes and anticipated interest rates during the biennium.

2. AIRLINE AD VALOREM TAX HUB EXEMPTION -- GENERAL FUND TRANSFER

GPR	- \$1,154,200
SEG-REV	- \$1,154,200

Governor/Joint Finance/Senate/Assembly: Reduce funding by \$577,100 annually in the appropriation for making a transfer from the general fund to the transportation fund for the airline hub exemption, to reflect a determination that Air Wisconsin Airlines will no longer qualify for the exemption in 2007. Reduce transportation fund revenues by a corresponding amount to reflect a reduction in the transfer. Under current law, commercial air carriers are exempt from paying the state airline ad valorem tax if they operate a hub facility in the state. Air Wisconsin Airlines has previously qualified for the exemption, which is based on, among other things, the number of scheduled flights that the airline operates in the state. However, the Department of Revenue indicates that the airline no longer met the criteria for the hub exemption in 2006 and, therefore, will begin paying ad valorem taxes in 2007. Also under current law, there is an annual transfer from the general fund to the transportation fund for each exempt airline equal to the amount paid in the last year that the airline paid the tax. The transfer would be reduced under this item to reflect the fact that Air Wisconsin will no longer be exempt from the tax. Midwest Airlines is expected to continue to qualify for the exemption, and so an annual transfer of \$1,953,300 will continue to be made to the transportation fund to reflect that exemption.

Although the reduction in the GPR appropriation and the resultant reduction in transportation fund revenues are reflected under the bill, the increase in transportation fund revenues associated with the resumption of ad valorem tax payments by Air Wisconsin is not reflected. The amount that Air Wisconsin will pay in ad valorem taxes is unknown, but will partially or wholly offset the reduction in transportation fund revenues shown in this item.

3. OIL PIPELINE TERMINAL TAX DISTRIBUTION [LFB Paper 346]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$1,117,800	-\$162,100	\$955,700

Governor: Increase payments by \$514,900 in 2007-08 and \$602,900 in 2008-09 to reflect estimated oil pipeline terminal tax payments of \$1,167,000 in 2007-08 and \$1,255,000 in 2008-09 under the sum sufficient appropriation. The initial payment under this program was made in 2006-07 and was limited to \$652,100. Payments in 2007-09, as well as all subsequent payments, will be calculated as the amount of state ad valorem taxes from pipeline companies that is proportional to the value of oil pipeline terminal facilities relative to the value of all taxable pipeline property. Payments are made each November to each municipality where an oil pipeline terminal facility is located.

Joint Finance/Senate/Assembly: Decrease payments by \$95,600 in 2007-08 and \$66,500 in 2008-09 to reflect estimated payments of \$1,071,400 in 2007-08 and \$1,188,500 in 2008-09.

4. RAIL PROPERTY TERMINAL TAX PAYMENT REESTIMATE

SEG	\$82,900
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Governor/Joint Finance/Senate/Assembly: Provide \$2,100 in 2007-08 and \$80,800 in 2008-09 to reflect a reestimate of payments to local governments under the rail property terminal tax distribution program. Terminal tax payments are calculated by multiplying the value of terminal storage and railroad repair facility property held by railroads by the statewide average effective property tax rates. These amounts are paid to towns, villages, and cities where terminal storage property or repair facilities are located. Total payments under the program are estimated at \$1,380,200 in 2007-08 and \$1,458,900 in 2008-09. Revenue from the railroad ad valorem tax is deposited in the transportation fund and the railroad property terminal tax payments are made from that fund.

5. CANCELED DRAFTS APPROPRIATION REESTIMATE

GPR	\$550,000
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Governor/Joint Finance/Senate/Assembly: Provide \$275,000 annually for estimated expenditures from the sum sufficient appropriation for re-issuance of state checks originally issued against other GPR-funded appropriations. In general, any state checks that have not been cashed within 12 months of their issuance are canceled and the funds are credited to the state's general fund as GPR-Earned. Where situations warrant the issuance of a new check, GPR funded checks are paid the GPR canceled drafts appropriation. Under the bill, total expenditures for this purpose are estimated at \$1,275,000 annually.

6. **TRANSFER TO AFFORDABLE HOUSING TRUST FUND [LFB Paper 220]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$8,000,000	-\$8,000,000	\$0

Governor: Provide \$4,000,000 annually under miscellaneous appropriations as the amount to be transferred from the county aid fund to the affordable housing trust fund. Other entries related to the county aid fund are located under Circuit Courts, Department of Commerce, Department of Corrections, General Fund Taxes, and Shared Revenue and Tax Relief.

Joint Finance/Senate/Assembly: Delete provision.

7. **TRANSFERS TO THE CONSERVATION FUND [LFB Paper 570]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	-\$87,900	\$0	-\$87,900
SEG	<u>2,324,700</u>	<u>-1,550,000</u>	<u>774,700</u>
Total	\$2,236,800	-\$1,550,000	\$686,800

Governor: Reestimate the revenue to the segregated snowmobile, all-terrain vehicle (ATV), and water resources accounts of the conservation fund from the motor fuel tax transfer based on the current fuel tax rate and the estimated number of registered boats, snowmobiles, and ATVs as follows:

		2007-08		2008-09	
	2006-07	Change to 2006-07	Total	Change to 2006-07	Total
Snowmobile Transfer	\$4,738,200	-\$24,700	\$4,713,500	\$22,400	\$4,760,600
ATV Transfer	1,734,300	146,700	1,881,000	239,400	1,973,700
Water Resources Transfer	<u>13,163,400</u>	<u>830,300</u>	<u>13,993,700</u>	<u>1,110,600</u>	<u>14,274,000</u>
Total	\$19,635,900	\$952,300	\$20,588,200	\$1,372,400	\$21,008,300

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by -\$3,700 GPR (to \$233,800) in 2007-08 and -\$84,200 GPR (to \$153,300) in 2008-09.

Joint Finance/Senate/Assembly: Decrease funding by \$674,600 SEG in 2007-08 and \$875,400 SEG in 2008-09 related to motor vehicle fuel tax transfers to the conservation fund as shown in the following table.

	2007-08			2008-09		
	Governor	Jt. Finance	Difference	Governor	Jt. Finance	Difference
Snowmobile Transfer	\$4,713,500	\$4,537,600	-\$175,900	\$4,760,600	\$4,499,000	-\$261,600
ATV Transfer	1,881,000	1,815,200	-65,800	1,973,700	1,877,200	-96,500
Water Resources Transfer	13,993,700	13,560,800	-432,900	14,274,000	13,756,700	-517,300
Total	\$20,588,200	\$19,913,600	-\$674,600	\$21,008,300	\$20,132,900	-\$875,400

8. MARQUETTE DENTAL SCHOOL DEBT SERVICE

GPR	\$24,000
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Governor/Joint Finance/Senate/Assembly: Provide \$14,500 in 2007-08 and \$9,500 in 2008-09 over base level funding of \$983,300 to reflect estimated increases in debt service costs on state bonds issued to fund a portion of the dental clinic and education facility for the Marquette Dental School.

9. OTHER MISCELLANEOUS APPROPRIATION CHANGES

Governor/Joint Finance/Senate/Assembly: The description and fiscal effect of miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin income tax reciprocity and interest payments on overpayment of taxes are summarized as entries under "General Fund Taxes."

10. AVIATION FUEL PETROLEUM INSPECTION FEE REFUND REESTIMATE [LFB Paper 225]

SEG	\$480,000
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Joint Finance/Senate/Assembly: Provide \$240,000 annually to reestimate payments of the aviation fuel petroleum inspection fee refund from \$360,000 to \$600,000 per year. Purchasers of aviation fuel are eligible for a refund of the two cents per gallon petroleum inspection fee for each gallon of aviation fuel purchased in excess of 1,000,000 gallons per month.

11. ELECTION CAMPAIGN FUND REESTIMATE [LFB Paper 273]

GPR	-\$14,200
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Joint Finance/Senate/Assembly: Reduce estimated transfers from the election campaign payments sum sufficient appropriation by \$7,100 annually to \$242,900, to reflect the reduced current level of \$1 individual income tax check-off designations to the Wisconsin Election Campaign Fund (WECF).

Under current law, a taxfiler may designate on his or her individual income tax return that \$1 be transferred from the general fund to the WECF. Since the check-off does not affect taxpayer refunds or liabilities, an amount equivalent to the number of designations is transferred annually to the WECF from the election campaign payments sum sufficient appropriation. During the last three state fiscal years (2004-05 through 2006-07), the average transfer from the election campaign payments sum sufficient appropriation to the WECF has equaled \$242,900 GPR.

NATURAL RESOURCES

Departmentwide

1. DEBT SERVICE REESTIMATES [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$10,495,900	-\$690,800	\$9,805,100
PR	- 100,000	0	- 100,000
SEG	<u>1,334,200</u>	<u>0</u>	<u>1,334,200</u>
Total	\$11,730,100	-\$690,800	\$11,039,300

Governor: Provide \$3,231,800 in 2007-08 (\$3,063,700 GPR, -50,000 PR, and \$218,100 SEG) and \$8,498,300 in 2008-09 (\$7,432,200 GPR, -50,000 PR, and \$1,116,100 SEG) to fund estimates of principal repayment and interest on state issued general obligation bonds. Debt service estimates include adjustments for administrative facilities, conservation land acquisition, dam repair and removal, environmental repair, rural and urban non-point source grants, combined sewer overflow, municipal clean drinking water, and pollution abatement grants.

Joint Finance/Senate/Assembly: Delete \$74,900 GPR in 2007-08 and \$615,900 GPR in 2008-09 to reflect a reestimate of debt service costs related to municipal clean drinking water.

2. AIDS IN LIEU OF PROPERTY TAXES [LFB Paper 558]

GPR	\$1,955,000
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Governor/Joint Finance/Senate/Assembly: Provide \$400,000 in 2007-08 and \$1,555,000 in 2008-09 to reflect estimated aids in lieu of property tax payments. Total payments for aids in lieu of property taxes are estimated to be \$8.7 million in 2007-08 and \$9.9 million in 2008-09 (with \$4,000,000 annually being paid from forestry account SEG and the remainder with GPR).

Since 1992, when DNR acquires land, the state pays aids in lieu of property taxes on the land to the city, village, or town in which the land is located in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The municipality then pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy.

3. SOUTHEAST REGION HEADQUARTERS [LFB Paper 546]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	\$142,000	-\$142,000	\$0
PR	195,300	- 195,300	0
SEG	<u>639,300</u>	<u>- 639,300</u>	<u>0</u>
Total	\$976,600	-\$976,600	\$0

Governor: Provide \$443,900 in 2007-08 (\$64,600 FED, \$88,700 PR and \$290,600 SEG) and \$532,700 in 2008-09 (\$77,400 FED \$106,600 PR and 348,700 SEG) in facility rental funds for the lease on a new, combined southeast region headquarters and service center building budgeted for occupation in September, 2007. Administration officials indicate a location has not yet been identified. Funding would be provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Segregated Revenue		
Conservation Fund	\$131,100	\$157,400
Environmental Fund	119,100	142,900
Recycling Fund	40,400	48,400
Program Revenue		
Air Emission Sources	88,700	106,600
Federal Revenue	<u>64,600</u>	<u>77,400</u>
Total	\$443,900	\$532,700

Joint Finance/Senate/Assembly: Delete provision (the location, cost, and expected occupancy date of the new facility are not known).

4. FLEET RATE INCREASE [LFB Paper 547]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$59,500	-\$35,300	\$24,200
SEG	<u>1,642,600</u>	<u>- 974,600</u>	<u>668,000</u>
Total	\$1,702,100	-\$1,009,900	\$692,200

Governor: Provide \$1,702,100 in 2008-09 for anticipated fleet rate increases affecting all programs. A 39% rate increase is anticipated by DNR due to a decline in available reserve funds combined with increasing fleet acquisition, maintenance, and insurance costs. Expenditure authority would be provided as follows:

	<u>2008-09</u>
Program Revenue	59,500
Segregated Revenue	
Recycling Fund	5,600
Conservation Fund	1,560,700
Environmental Fund	54,800
Environmental Improvement Fund	600
Petroleum Inspection Fund	<u>20,900</u>
Total	\$1,702,100

Joint Finance/Senate/Assembly: Adjust the Governor's recommendation by deleting \$1,009,900 in 2008-09 reflecting a reestimate of expected fleet costs (\$692,200 would remain).

5. TRANSFERS BETWEEN APPROPRIATIONS

Governor/Joint Finance/Senate/Assembly: Transfer annual funds and positions between appropriations within DNR as follows:

	<u>Amount</u>	<u>FTE</u>	<u>Transfer From</u>	<u>Transfer To</u>
Transfer Aeronautics Program	\$959,500	12.0	Administrative and Field Services	Forestry Operations
Create Office of Communications (Director and Communications Officer)	\$144,800	2.0	Bureau of Finance	Bureau of Education and Information
Move Legislative Liaison and Policy Advisor to Secretary's Office	\$209,000	2.0	Customer & Employee Services Program Management	Secretary's Office
Pheasant Restoration and Stocking	\$0	3.0	Wild Pheasant Restoration	Pheasant Stocking and Propagation
Southeast Regional Headquarters and Service Center rental costs	\$247,300	0.00	General Maintenance Operations	Facility Rental Costs
Wisconsin Waters Initiative Transfer	\$441,600	0.00	Environmental Operations	Nonpoint Operations
Water Division Realignment	\$210,700	3.0	Fisheries and Clean Water Fund Program	Watershed Management and Safe Drinking Water Loan Program

Transfer \$959,500 SEG from an appropriation split-funded from the conservation fund with 12.0 positions that support the Department's aeronautics program from the Customer and Employee Services Division to the Forestry Division (an appropriation in the forestry account of the conservation fund). The Department eliminated the Administrative and Field Services subprogram (which contained the 12 aeronautics-related positions) as part of a decision to streamline operations by combining the former Division of Administration and Technology with the former Division of Customer and External Relations. The 12 positions would include: 10 pilots who primarily perform land surveys, assess fire damage and survey for potential forest fires, 1.0 aeronautics supervisor position who supervises the 10 pilots, and 1.0 radio communications manager who would manage radio networks and oversee the communications towers and master leases for communications' equipment needs.

Create the Office of Communications (OOC) in the Bureau of Education and Information and transfer \$144,800 SEG and 2.0 positions (1.0 FED, 0.8 SEG and 0.2 GPR). Positions include a Director and a Communications Officer. The Director of the office would report to the Customer and Employee Services Division Administrator. The Department of Administration approved the creation of the OOC in January, 2006. The office consists of five full-time positions. It consists of three reallocated Bureau positions and the two positions under the budget that would be created by reallocating a vacant auditor position from the Bureau of Finance and Administration and a vacant program assistant position from the Secretary's office.

Transfer \$209,600 (\$84,000 GPR and \$125,000 SEG) and 2.0 positions (1.0 GPR and 1.0 SEG), the legislative liaison and the policy-initiatives advisor, from the Customer and Employee Services Program Management subprogram to the Secretary's office. In the 2005-07 budget, the Department combined the Administration and Technology Division and the Customer and External Relations Division to form the Customer and Employee Services Division.

Transfer 3.0 wildlife biologist positions from the wild pheasant restoration appropriation to the pheasant stocking and propagation appropriation. Both of these appropriations are funded from pheasant stamp revenues deposited in the fish and wildlife account. In the 2005-07 budget, the pheasant stamp fee was raised from \$7.50 to \$10 with 40% of the revenue dedicated to the existing wild pheasant restoration appropriation and 60% to a newly created pheasant stocking and propagation appropriation.

Transfer \$247,300 from customer assistance and licensing, to administration and technology. The current authority is related to security, cleaning, snowplowing and maintenance and would be used to offset the increased rental costs of the relocation of the Southeast Regional Headquarters and Service Center.

In addition, transfer \$446,100 SEG associated with the Wisconsin waters initiative from an environmental fund general operations appropriation (split funded from the environmental management and nonpoint accounts) to the nonpoint account operations appropriation. The initiative would continue to be funded from the segregated nonpoint account. Wisconsin waters initiative funding is used to develop a computer-based system to improve access to water-related site information. The goal of the initiative is to speed water permit processing and state

and local access to improved data (such as floodplain mapping).

Finally, transfer 3.0 positions (2.0 FED and 1.0 SEG) from Fisheries Management to Watershed Management to reflect the realignment of the Water Division (see Transfers Within Appropriations). The two federal positions include a fisheries technician and a natural resources regional team supervisor, and the SEG position (fish and wildlife account) would be a water supply specialist.

6. TRANSFERS WITHIN APPROPRIATIONS

Governor/Joint Finance/Senate/Assembly: Authorize the following transfers between subprograms within the same appropriation:

	<u>Amount</u>	<u>FTE</u>	<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
Water Division Realignment					
Water Regulation and Zoning Fees	\$820,100	8.00	PR	Fisheries Management	Watershed Management
Water Program Operations	\$51,600	0.5	GPR	Fisheries Management	Drinking Water & Ground Water
Water Program Operations	\$5,263,200	57.5	GPR	Fisheries and Water Program Management	Watershed Management
Water Program Service Funds	\$368,600	5.0	PR	Fisheries Management	Watershed Management
Water Program Federal Funds	\$312,500	4.0	FED	Fisheries Management	Watershed Management
Fish Management	\$152,200	0.8	SEG	Water Program Management	Fisheries Management
Lake, River, and Invasive Species Management	\$1,959,200	13.5	SEG	Fisheries Management	Watershed Management
Water Program Revenues	\$115,000	0.0	PR	Fisheries Management	Watershed Management
Dam Safety and Wetland Mapping	\$90,000	0.00	SEG	Fisheries Management	Watershed Management
Environmental Fund Natural Resources Region Supervisor	\$105,900	0.98	SEG	Water Program Management and Watershed Management	Drinking Water & Groundwater
Modifications to 2003-05 and 2005-07 Budgets					
Transfer Supplies Funding	\$32,100	0.0	SEG	Science Services	Law Enforcement
Whooping Crane Position	\$42,600	0.50	SEG	Wildlife Management	Endangered Resources
Administrative and Field Services Building Support	\$50,000	0.0	SEG	Customer Service and Licensing	Customer Assistance and Employee Services Program Management

The changes fall into two main categories. First, DNR would realign the Water Division. The lakes, wetland, and waterway protection programs, formerly in the Fisheries Management and Habitat Protection Bureau (which would be renamed Fisheries Management), would be moved to the Watershed Management Bureau. The transfers include positions and associated supplies. The 65.5 positions transferred would include: 40.0 water regulation and zoning specialists, 11.5 water resources management specialists, 5.0 regional water program experts, 3.0 natural resources program managers, 2.0 program assistants, 2.0 program and planning analysts, 1.0 water regulation and zoning engineer and 1.0 water resources engineer.

In addition, the Water Program Management Bureau would be reorganized to reflect the organization of other program management bureaus throughout the Department. The Water Program Management Bureau would include only the Division Administrator, the Deputy Division Administrator, the Administrative Policy Advisor, and the five Regional Water Leaders. All other staff would be moved to other Water Division Bureaus. These transfers include: 22.0 positions transferred from Water Program Management to Watershed Management (1.0 natural resources region program supervisor and 21.0 natural resources basin supervisors), 1.0 natural resources region program supervisor transferred from Fisheries Management to Drinking Water and Groundwater, 0.98 natural resources region supervisor (split-funded from the conservation fund) transferred from Water Program Management and Watershed Management to Drinking Water and Groundwater, 0.80 program and planning analyst transferred from Water Program Management to Fisheries Management, and 0.50 wastewater specialist transferred from Drinking Water and Groundwater to Watershed Management.

Second, DNR would complete modifications to the 2003-05 and 2005-07 budgets. DNR would transfer supplies funding from the Science Services Bureau to the Law Enforcement Bureau to complete a transfer authorized in the 2005-07 budget within a general operations appropriation split-funded from the conservation fund. As a result of GPR reductions in 2003-04, the Law Enforcement Bureau ended up with a negative GPR supplies amount. The Law Enforcement and Science Services Bureaus agreed on a SEG/GPR transfer to solve this problem; and in the 2005-07 budget a correction was attempted. However, the SEG portion of the transfer was not completed.

In addition, in the 2005-07 budget, the Administrative and Field Services subprogram was eliminated. Supplies funding for building support was transferred to the Customer and Employee Services Program Management subprogram with the exception of \$50,000 erroneously transferred to Customer Service and Licensing. This transfer would correct the error and consolidate building support in the Customer and Employee Services Program Management subprogram. Also in the 2005-07 budget, a position was authorized for whooping crane reintroduction. The position was budgeted 0.5 from tribal gaming revenues, and 0.5 from fish and wildlife SEG. This transfer would move the 0.5 SEG position to the Endangered Resources Bureau, but the position would remain funded from fish and wildlife SEG.

7. INVASIVE SPECIES PENALTIES

Governor/Joint Finance/Senate/Assembly: Specify penalties for violations relating to controlling or introducing invasive species for which there is no statutory penalty specified under current law. Penalties under the bill would include a forfeiture, not to exceed \$200, and fines and terms of imprisonment for intentional violations and for repeat violations. (Currently the general penalty for a violation of administrative rules under DNR conservation statutes is a forfeiture of up to \$100).

Current law prohibits the distribution of invasive aquatic plants. Plants statutorily defined as invasive aquatic plants include: Eurasian water milfoil, curly leaf pondweed, and purple loosestrife. In addition, DNR is authorized, by administrative rule, to designate any other aquatic plant as an invasive aquatic plant for a particular water body or a group of water bodies if the plant has the ability to cause significant adverse change to desirable aquatic habitat, to significantly displace desirable aquatic vegetation, or to reduce the yield of products produced by aquaculture. Distribution of invasive aquatic plants carries a maximum forfeiture of not more than \$100.

Certain other aquatic management practices (such as introduction of a nonnative aquatic plant into Wisconsin waters, removal of aquatic plants from navigable waters, and control of aquatic plants using chemicals) are also prohibited unless a person holds a valid aquatic plant management permit issued by DNR. Currently, a first-time violator would be required to forfeit not more than \$200. A person previously convicted of an aquatic plant violation (within five years of the current arrest) would "forfeit" between \$700 and \$2000 or could be imprisoned for between six and nine months, or both. The bill corrects this language from a forfeiture to a fine to reflect the misdemeanor (criminal) penalty, but retains the current penalties.

In addition, DNR is currently required to administer a statewide program to control invasive species which includes promulgating rules to classify invasive species for the program. The bill would require the Department to promulgate rules to identify and control invasive species, as well as classify them. Further, the bill would authorize DNR to establish procedures and requirements for issuing permits to control invasive species.

Under the bill, a first-time violator of the DNR invasive species rules, or permits issued under the rules, would be subject to a forfeiture of not more than \$200, unless they intentionally committed the violation. Any person who intentionally violates these rules or permits would be fined between \$1,000 or \$5,000, or could be imprisoned for between six and nine months, or both. A person previously convicted of a violation (within five years of the current arrest) would be fined between \$700 and \$2000 or could be imprisoned for between six months and nine months, or both. In addition, the bill authorizes the court to order a person who is convicted of any of these violations to abate any nuisance caused by the violation, restore any natural resource damaged by the violation, or take other appropriate action to eliminate or minimize any environmental damage caused by the violation.

The bill would also create a mechanism for enforcement of these penalties. If DNR finds

that any person is violating the invasive species rules or permits, the bill would authorize DNR to do one or more of the following: (a) issue a citation, (b) refer the matter to the Department of Justice (DOJ) for enforcement, or (c) revoke the permit after notice and opportunity for a hearing. For matters referred to the Attorney General, the bill would require DOJ to consult with DNR before determining the final disposition.

Finally, the bill would authorize the court to award restitution payments for investigation costs by DNR or DOJ and to award prosecution costs to DOJ (including attorney fees) for deposit into a DOJ program revenue appropriation.

Stewardship Program

1. EARMARK FOR BOAT ACCESS ON MIRROR LAKE [LFB Paper 556]

Governor/Joint Finance/Senate/Assembly: Direct DNR to expend up to \$1,000,000 of the bonding authority under the Warren Knowles-Gaylord Nelson Stewardship 2000 program for efforts to improve navigability for recreational boating in Mirror Lake in Sauk County and in the streams flowing into the lake. The bill would authorize DNR to expend bonding authority from either the land acquisition subprogram or the property development and local assistance subprogram.

Under the Stewardship program, the state is authorized to issue bonds for the purpose of (a) acquiring land to expand recreational opportunities and protect environmentally sensitive areas, (b) developing facilities on these state lands, and (c) providing grants to local governments and non-profit conservation organizations (NCOs) for up to 50% of the cost of acquiring or developing lands for nature-based outdoor recreation. The program currently has general obligation bonding authority of \$60 million annually.

2. LAND MANAGEMENT CONTRACTS

Joint Finance/Senate/Assembly: Authorize DNR to contract with non-profit conservation organizations (including land trusts) and private companies to perform land management activities on DNR properties. In addition, require DNR to submit a report to the Joint Committee on Finance by November 15 of each year for the prior fiscal year. Require the report to include information on costs of contracts, activities performed, and the cost-effectiveness of the contracts.

Fish, Wildlife, and Recreation

1. KARNER BLUE BUTTERFLY HABITAT [LFB Paper 561]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$0	\$20,000	\$20,000

Governor: Create a continuing appropriation from the conservation fund into which all moneys received from gifts, grants, and bequests to, and all fees paid by partners into, the Karner blue butterfly habitat conservation plan are deposited. Specify that those monies be used for the administration and implementation of the plan. (While budget appropriation documents identify the revenues as being deposited to the fish and wildlife account, DNR and administration officials have indicated that the forestry account may be more appropriate since most partners are forest managers.)

Under current law, DNR is authorized to enter into agreements with federal agencies with respect to programs designed to conserve endangered or threatened species of wild animals. DNR administers the Karner blue butterfly habitat conservation plan under an agreement with the U.S. Fish and Wildlife Service. The plan allows Wisconsin land owners to manage land occupied by the federally endangered Karner blue butterfly, provided they follow certain guidelines to protect the species. DNR has the lead responsibility for implementing the conservation plan on state property as well as coordinating conservation efforts with other partner organizations. The plan divides Wisconsin landowners into two categories: those required to participate ("partners") and voluntary participants. Landowners are required to participate in the plan if their land includes Karner blue butterfly habitat and one or more of the following conditions apply: (a) the land has forestry practices on more than 1,000 acres; (b) the landowner's management activities constitute a permanent take of Karner blue butterfly habitat (permanent take activities include but are not limited to construction of roadways, parking lots, buildings, residential subdivisions and condominiums, or other developments that will preclude Karner blue butterfly occupation for a minimum of five years); or (c) the landowner's management activities include right of way or corridor development or maintenance. Farmers and landowners with less than 1,000 acres are encouraged to participate on a voluntary basis. Initial partners in the plan did not pay a participation fee; however, new partners in the plan, such as utility companies and large private landowners, must pay a one-time entry fee of \$2,550. These fees currently are deposited in an escrow account administered by the Natural Resources Foundation under the authority of the partnership. The administration made no estimate of revenues from donations and fees, but Foundation officials indicate that approximately \$10,000 in gifts and fees was deposited into the account in calendar year 2006.

Joint Finance/Senate/Assembly: Adopt the Governor's recommendation. However,

create the Karner blue butterfly gifts, grants and fee appropriation under the forestry account of the conservation fund, rather than the fish and wildlife account to reflect the fact that forestry staff have taken the lead role in the implementation of the Karner blue butterfly habitat plan. In addition, estimate the appropriation at \$10,000 annually.

2. CWD AND WILDLIFE DAMAGE FUNDING [LFB Paper 562]

SEG	- \$2,142,400
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Joint Finance/Senate/Assembly: Specify that the \$400,000 in base level general fish and wildlife SEG appropriated for Chronic Wasting Disease (CWD) be one-time in the 2007-09 biennium (would not be available beginning in 2009-10). In addition, delete \$1,071,200 annually from wildlife damage funding for CWD. Further, prohibit DNR from using fish and wildlife SEG to replace this funding. As a result, DNR would be prohibited from expending more than \$2,360,000 (the amount spent in 2005-06) from nonfederal funds in the conservation fund in any fiscal year for the management of and testing for CWD. In addition, direct DNR to submit a plan to the Joint Committee on Finance, by January 1, 2008, that describes methods for administering the wildlife damage abatement and wildlife damage claim programs in fiscal year 2008-09 so that the amounts expended for those programs do not exceed the revenues received. Under the bill, wildlife damage related expenditures would exceed anticipated revenues by \$1.5 million on June 30, 2009.

The wildlife damage claims and abatement program provides landowners in participating counties with financial assistance to implement projects to reduce crop damage (abatement) and partially reimburse losses incurred from crop damage. The programs are funded by two dedicated revenue sources within the fish and wildlife account of the conservation fund: (a) revenue from a \$2 surcharge on most resident and nonresident hunting licenses and a \$4 surcharge on resident and nonresident conservation patron licenses; and (b) revenue from the \$12 resident (\$20 nonresident) bonus deer permit. Together, these revenue sources generated over \$4.3 million in 2005-06. In addition, wildlife, damage surcharge and bonus deer permit revenue is also used for the Department's costs of control and removal of wild animals, urban wildlife abatement and control grants, and chronic wasting disease. Current and budgeted CWD expenditures are shown in the following table. Fish and Wildlife SEG includes \$1.96 million annually reallocated primarily from other wildlife management and law enforcement programs and \$400,000 appropriated specifically for CWD management.

DNR CWD Related Expenditures

Source	Actual 2005-06	Estimated 2006-07	Budgeted 2007-08	Budgeted 2008-09	Estimated 2009-10
Federal *	\$1,039,000	\$1,039,000	\$1,039,000	\$1,039,000	\$1,039,000
GPR & PR	129,000	129,000	129,000	129,000	129,000
Wildlife Damage	1,077,000	1,077,000	0	0	0
General Fish & Wildlife	<u>2,360,000</u>	<u>2,360,000</u>	<u>2,360,000</u>	<u>2,360,000</u>	<u>1,960,000</u>
	\$4,605,000	\$4,605,000	\$3,528,000	\$3,528,000	\$3,128,000

* DNR has indicated federal funding levels for 2007-09 may decline.

3. WARDEN OVERTIME [LFB Paper 563]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$571,000	-\$285,500	\$285,500

Governor: Provide \$238,000 in 2007-08 and \$333,000 in 2008-09 for increased conservation warden overtime. Expenditure authority would be provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
ATV Account	\$12,100	\$16,900
Boating Account	28,300	39,600
Fish and Wildlife Account	180,500	252,700
Water Resources Account	3,000	4,100
Environmental Fund	10,900	15,200
Recycling Fund	<u>3,200</u>	<u>4,500</u>
Total	\$238,000	\$333,000

Joint Finance/Senate/Assembly: Reduce funding by \$119,000 in 2007-08 and by \$166,500 in 2008-09.

4. WARDEN VEHICLE DATA COMMUNICATIONS

SEG	\$228,800
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Governor/Joint Finance/Senate/Assembly: Provide \$228,800 in 2007-08 for mobile data communications for law enforcement wardens. The Department would devote \$80,400 to complete master lease payments for vehicle modems, which began in the 2005-07 biennial budget. The remaining \$148,400 would be used for purchasing 180 new docking stations for all warden vehicle computers. Expenditure authority would be provided as follows:

	<u>2007-08</u>
Conservation Fund	
Fish and Wildlife account	\$173,600
Boat Registration account	27,200
ATV account	11,600
Water Resources account	2,800
Environmental Fund	10,500
Recycling Fund	<u>3,100</u>
Total	\$228,800

5. WARDEN MOBILE COMPUTERS

SEG	\$511,100
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Governor/Joint Finance/Senate/Assembly: Provide \$250,900 and \$260,200 in one-time funding in 2008-09 to begin a master lease for computers for law enforcement wardens. Funding would cover the first two years of a four-year master lease for 210 durable laptop computers. The upgraded computers would allow wardens to quickly access investigation systems, wanted person information, license checks, state statutes and codes and to coordinate with the State Patrol and other emergency responders. Expenditure authority would be provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
Fish and Wildlife account	\$190,300	\$197,500
Boating account	29,800	30,900
ATV account	12,800	13,200
Water Resources account	3,100	3,200
Environmental Fund	11,500	11,900
Recycling Fund	<u>3,400</u>	<u>3,500</u>
Total	\$250,900	\$260,200

6. WILDLIFE VIOLATOR COMPACT [LFB Paper 565]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$181,100	1.00	-\$34,100	-0.25	\$147,000	0.75

Governor: Provide \$121,500 in 2007-08 and \$59,600 in 2008-09 from the fish and wildlife account of the conservation fund with 1.0 three-year project position beginning in 2007-08 to support Wisconsin's participation in a wildlife violator compact with other states. The compact allows the state to track violators who have had their hunting, fishing, or trapping privileges revoked or suspended in other states. The bill includes \$75,000 in 2007-08 to update current state law enforcement database systems to accommodate data-sharing among states participating in the compact.

Joint Finance/Senate/Assembly: Provide \$104,300 SEG in 2007-08 and \$42,700 in 2008-09 with 0.75 three-year project position to integrate and administer the wildlife violator compact. Ongoing funding would reflect the approximately \$44,000 in annual revenues expected from the \$5 wildlife violator compact surcharge created under 2005 Act 282. The surcharge applies to fines and forfeitures for hunting and fishing law violations.

7. FISHING TOURNAMENT PERMIT ADMINISTRATION

SEG	\$20,000
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Governor/Joint Finance/Senate/Assembly: Provide \$20,000 beginning in 2008-09 from the fish and wildlife account of the conservation fund for costs related to administering the

fishing tournament permit program authorized in 2003 Wisconsin Act 249. Funding would cover review and approval of permit applications, enforcement-related costs, tournament data collection, monitoring activities and studies, and tournament education programs.

Under Act 249, DNR has the authority to promulgate rules that create a tournament fishing permit and to charge fees to recover costs of administering a tournament fishing program. The Department is currently promulgating tournament fishing rules. The Department estimates that the permit fee would generate approximately \$20,000 in revenues annually for the fish and wildlife account beginning in 2008-09.

8. LAC DU FLAMBEAU TWO-DAY RESIDENT INLAND TROUT FISHING LICENSE

Governor/Joint Finance/Senate/Assembly: Allow the Lac du Flambeau band of the Lake Superior Chippewa to issue a resident two-day inland lake trout fishing license, equivalent to the license issued by the DNR.

Under current law, the Lac du Flambeau band has an agreement with the state under which they agree to limit their treaty-based, off-reservation rights to fish in exchange for permission to issue certain DNR fishing licenses and stamps as an agent of the DNR. The band also allows other DNR agents to issue these licenses and stamps on the Lac du Flambeau reservation. Under the agreement, all revenue received by the Department from fishing licenses sold on the reservation by the band or by other DNR agents, less any issuance fees paid to the vendors, is remitted by the Department to the tribe on a monthly basis for fisheries management on the reservation on public navigable waters. In addition 2005 Act 25 requires the Department to make an annual payment of \$50,000 (from tribal gaming revenues) to the band for the purposes of fishery management within the reservation.

The bill would add the resident two-day inland trout fishing license to the types of DNR licenses that the band may issue as an agent of the DNR. Additionally, under current law, the band may issue its own fishing licenses and stamps that are equivalent to certain fishing licenses and stamps issued by DNR. The tribe may retain the revenues from the sale of these licenses. The bill would add resident two-day inland lake trout fishing licenses to this list of licenses for which equivalent licenses may be issued by the band.

9. ELK HUNTING FEES [LFB Paper 566]

Governor: Increase the fee for a resident elk hunting license from \$49 to \$75 and the fee for a nonresident elk hunting license from \$251 to \$400 (including the \$2 wildlife damage surcharge and the 75¢ issuing fee). Further, increase the application processing fee for both a resident and a nonresident elk hunting license from \$3 to \$10.

Under current law, DNR is authorized to issue elk hunting licenses and to limit the number of elk hunters and elk harvested in any area of the state. However, the Department has not established an elk hunting season because the elk herd has not met the state population

goal. DNR anticipates a limited bull-only elk season could be instituted as early as December, 2009. While very few licenses would be expected to be available, DNR estimates that more than 20,000 hunters would apply, generating over \$200,000 in annual revenue (beginning in fiscal year 2009-10 or later). A hunt would be considered when the Wisconsin elk herd reaches an overwinter population of approximately 200 animals. The Department has set an overwinter goal for the Clam Lake elk herd of 1,400 animals. Since 2002 the herd surviving winter has consisted of approximately 105 elk.

Joint Finance/Senate/Assembly: Delete provision.

10. ALIS MANAGEMENT SYSTEMS [LFB Paper 567]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$274,800	-\$285,100	-\$10,300

Governor: Provide \$179,000 in 2007-08 and \$95,800 in 2008-09 to upgrade the Automated Licensing Issuance System (ALIS) and to continue a master lease entered into in 2006-07 for updates to the Boat, ATV and Snowmobile registration system (BATs). The bill also includes the creation of a continuing appropriation from the conservation fund into which ALIS contract fees are credited. ALIS is a computerized, on-line system for the sale of various DNR licenses, permits and approvals, primarily hunting and fishing licenses.

Funding includes \$108,200 in 2007-08 and \$25,000 in 2008-09 of one-time funding to integrate the Natural Resources Citations, Recreational Safety Records, and Recreational Vehicle Registration databases into the existing ALIS database as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
Fish and Wildlife Account	\$82,200	\$19,000
Boat Account	17,400	4,000
Snowmobile Account	6,100	1,400
ATV Account	<u>2,500</u>	<u>600</u>
Total	\$108,200	\$25,000

The remaining \$70,800 annually would be split-funded from the conservation fund for payment of the second and third year costs of a four-year master lease entered into in 2006-07 for the BATs system as follows: (Funding for the 2006-07 payment was provided on a one-time basis in the 2005-07 biennial budget).

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
Fish and Wildlife Account	\$44,800	\$44,800
Forestry Account	11,500	11,500
Boat Account	9,200	9,200
Snowmobile Account	3,200	3,200
ATV Account	1,300	1,300
Water Resources Account	500	500
Parks Account	<u>300</u>	<u>300</u>
Total	\$70,800	\$70,800

Additionally, the bill would create an appropriation for depositing ALIS contract fees. DNR contracts with a third party (currently Central Bank Trust) to operate the statewide automated license system. Under the contract, beginning in fiscal year 2007-08, the contract fee DNR pays to Central Bank Trust for each license sold will be 83¢. Under current law, license fee revenues are deposited into the conservation fund, and the contract payments are made to Central Bank Trust from an appropriation related to general operations of the Customer Assistance and Employee Services Division. The bill would create a continuing appropriation into which the contract fee for each license sold that is owed to the ALIS operator would be deposited. The ALIS operator (Central Bank Trust) would then be paid the amounts due under the contract from this appropriation. (The bill would create the appropriation under the Division of Land, rather than the intended Division of Customer Assistance and Employee Services.)

Joint Finance/Senate/Assembly: Modify the Governor's recommendation as follows: (a) delete \$3,200 in 2007-08 related to data integration costs; (b) delete \$17,000 in 2007-08 and make 2008-09 funding one-time related to the BATS master lease; and (c) delete \$65,700 in 2007-08 and \$199,200 in 2008-09 related to a reestimate of the ALIS system contract. In addition, create the ALIS contract fee appropriation under the Customer Assistance and Employee Services Division rather than the Land Division.

11. BOAT REGISTRATION FEE INCREASE [LFB Paper 568]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$2,270,000	-\$1,035,000	\$1,235,000

Governor: Increase the fees paid for a three-year boat registration by approximately 33% as follows.

<u>Registration Type</u>		<u>Current Fee</u>	<u>Governor</u>	<u>Increase</u>	<u>Percent Increase</u>
Non-Motorized	Voluntary	\$9.75	\$13.00	\$3.25	33%
	Sailboat over 12'	15.00	20.00	5.00	33
Motorized	Under 16'	16.50	22.00	5.50	33
	16' to 26'	24.00	31.00	7.00	29
	26' to 40'	45.00	59.00	14.00	31
	Over 40'	75.00	98.00	23.00	31

Voluntarily registered non-motorized boats could include canoes, kayaks, other human-powered boats, or sailboats under 12 feet in length. The fee increase would be effective upon enactment of the bill and would be estimated to result in increased revenues to the boat registration account of the conservation fund of approximately \$670,000 in 2007-08 and \$1,600,000 in 2008-09.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation by increasing boat registration fees as shown below (by approximately 15%, rather than 33%). This would be expected to increase revenues to the boat registration account by approximately \$365,000 in 2007-08 and \$870,000 in 2008-09 (for a total of \$1,235,000).

		<u>Current Fee</u>	<u>Governor</u>	<u>Jt. Finance</u>	<u>Jt. Finance Increase to Current Fee</u>	<u>Percent Increase</u>
Non-Motorized						
	Volunteer	\$9.75	\$13.00	\$11.00	\$1.25	13%
	Sailboat	15.00	20.00	17.00	2.00	13
Motorized						
	Under 16'	16.50	22.00	19.00	2.50	15
	16' to 26'	24.00	31.00	28.00	4.00	17
	26' to 40'	45.00	59.00	52.00	7.00	16
	Over 40'	75.00	98.00	86.00	11.00	15

12. STATE ATV PROJECTS

SEG	\$350,000
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Governor/Joint Finance/Senate/Assembly: Provide \$300,000 in 2007-08 for the reconstruction of seven miles of existing ATV trails to improve drainage and safety at Richard I. Bong State Recreational Area in Kenosha County. In addition, provide \$50,000 in 2007-08 for a brochure, developed in conjunction with the Department of Tourism, to provide information on recreational and tourism opportunities near all-terrain vehicle trails.

13. ATV SAFETY ENHANCEMENT GRANTS

SEG	\$100,000
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Governor/Joint Finance/Senate/Assembly: Provide \$50,000 annually to increase all-terrain vehicle safety enhancement grants to \$300,000. The ATV safety enhancement grant program was created under 2001 Act 16. Available funding is awarded in the form of a grant to a non-profit organization (currently the National Off-Highway Vehicle Insurance Services Group, Inc. or NOHVIS), to assist DNR in promoting the operation of ATVs in a safe and responsible manner, recruiting and training volunteer ATV safety instructors and "trail ambassadors," and improving relationships with groups that promote recreational ATV operation.

14. SNOWMOBILE TRAIL AIDS [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	-\$155,900	-\$437,500	-\$593,400

Governor: Delete \$101,500 in 2007-08 and \$54,400 in 2008-09 from the snowmobile account of the conservation fund to reflect estimated motor fuel tax transfers and nonresident trail pass revenue to the snowmobile account. Local snowmobile trail aids would total \$7.75 million in 2007-08 and \$7.8 million in 2008-09.

Joint Finance/Senate/Assembly: Reestimate the snowmobile trails aid appropriation by -\$175,900 SEG in 2007-08 and -\$261,600 SEG in 2008-09 to reflect available snowmobile fuel tax revenues.

15. DUPLICATE RECREATIONAL SAFETY CERTIFICATES

Governor/Joint Finance/Senate/Assembly: Allow DNR to charge a fee for the issuance of duplicate certificates showing completion of the boating, all-terrain vehicle, and snowmobile safety programs.

DNR administers safety instruction programs relating to the use of boats, all-terrain vehicles, and snowmobiles as well as a hunter education program, bow hunter education program, and a trapper education program. Upon completion of these programs, participants receive a certificate of accomplishment. A \$2.75 fee is charged if a participant requests an additional certificate of accomplishment for any of the hunter safety programs. The bill establishes a fee of \$2.75 for a duplicate certificate for completion of the boating, all-terrain vehicle, and snowmobile safety programs. The bill would specify that revenues from duplicate safety certificates be credited to the continuing appropriation for education and safety programs. No estimate of revenues is made.

16. APPROPRIATION TECHNICAL CORRECTION

Governor/Joint Finance/Senate/Assembly: Provide for a technical correction that clarifies that DNR's law enforcement federal revenue appropriation is a federal appropriation, rather than a conservation fund SEG appropriation. Under current law, all monies received as federal aid for enforcement activities are deposited in a FED continuing appropriation in DNR to be expended for enforcement activities.

17. MUSKELLUNGE FISHING SEASON

Joint Finance/Senate/Assembly: Move to require the Department of Natural Resources to hold an annual catch and release muskellunge season in the area comprised of Wisconsin inland waters north of U.S. Highway 10 (excluding Wisconsin-Michigan boundary waters) beginning on the opening day of the general game-fishing season determined by DNR (generally the first Saturday in May) and concluding the day prior to the day the DNR established muskellunge fishing season begins. Further, specify that no person may use any hooks, baits or lures other than artificial lures with barbless hooks while fishing for muskellunge during the catch and release season.

The current muskellunge season in the area comprised of Wisconsin inland waters north of U.S. Highway 10 is held from the Saturday nearest Memorial Day to November 30. Barbless hooks are defined, in NR 20.03(5) of the administrative code, as hooks with no barbs, or hooks with barbs that have been compressed to be in complete contact with the shank of the hook.

18. CATCH AND RELEASE BASS FISHING

Joint Finance/Senate/Assembly: Specify that no person may use any hooks, baits or lures other than artificial lures with barbless hooks while fishing for bass during a catch and release season established by the Department of Natural Resources.

Barbless hooks are defined, in NR 20.03(5) of the administrative code, as hooks with no barbs, or hooks with barbs that have been compressed to be in complete contact with the shank of the hook. Currently, the DNR holds a catch and release season for bass in the area comprised of Wisconsin inland waters generally north of U.S. Highway 64 (excluding Wisconsin-Michigan boundary waters) beginning the first Saturday in May and concluding the Friday preceding the third Saturday in June.

19. LAKE WINNEBAGO COMPREHENSIVE PROJECT

Joint Finance/Senate/Assembly: Expand the area where structures may be placed on the beds of lakes to implement the Lake Winnebago comprehensive restoration project to include the following areas in Winnebago County:

In Lake Poygan within an area that consists of the W-1/2 of Sec. 36, T.20 N., R.14E.; the NW-1/4 of Sec. 1, T.19 N., R. 14E; the E-1/2 of Sec. 33, all of Sec. 34, and the W-1/2 of Sec. 35, T. 20 N., R. 14 E.; and the N-1/2 of Sec. 4, T. 19 N., R. 14 E.

The Lake Winnebago comprehensive project is a joint effort of federal, state, and local organizations to improve the water quality, navigability, habitat and productivity of the Winnebago pool lakes. DNR is authorized to assist the project through use of conservation fund SEG and previously authorized general obligation bonding. This action would expand the areas of the lakes where work on the management plan may be conducted to reflect the area intended by the Lake Poygan Sportsman's Club and DNR (through federal, state or local funds that may become available).

Forestry and Parks

1. LEASING ON MANAGED FOREST LAND

Joint Finance/Senate/Assembly: Specify that owners of land designated as managed forest land may not enter into a lease or other agreement for consideration (compensation) permitting persons to engage in recreational activities on the land effective the first January 1st, following the publication date of the budget, for lands designated as managed forest land prior to the publication date, and effective upon publication for lands designated as managed forest land after the publication date. Specify that recreational activities include hunting, fishing, hiking, sightseeing, cross-country skiing, horseback riding, and rental of cabins. Further, specify that this restriction does not apply to reasonable membership fees required by a non-profit entity organized under s. 501(c)(3) of the Internal Revenue Code and approved by DNR. In addition, create a penalty for the violation of this provision of \$500, or whatever income was earned from the commercial recreation while under Managed Forest Law designation, whichever is greater.

Currently, land designated as managed forest law is prohibited from being developed for commercial recreation, for industry, or for any other use determined by the Department to be incompatible with the practice of forestry. Further, an owner may close up to 80 or 160 acres (depending on when the contract was entered) to public access by paying an additional annual fee. Some landowners with large acreages enrolled in MFL have been allowed to close most of their lands by subdividing ownerships and then leasing the MFL property to individuals willing to pay a fee for hunting on the lands. This provision is intended to prohibit the closing of MFL enrolled lands and then leasing the property for hunting or other recreational purposes.

2. FOREST FIRE EMERGENCY RESPONSE [LFB Paper 577]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$1,718,500	-\$91,200	\$1,627,300

Governor: Provide \$736,200 in 2007-08 and \$982,300 in 2008-09 (including \$246,100 in one-time funding) from the forestry account for efforts relating to the detection and suppression of wildfires.

	<u>2007-08</u>	<u>2008-09</u>
Emergency Firefighters and Support	\$421,200	\$667,300
Radio Communication Master Lease	300,000	300,000
Fire Tower Safety Inspection and Repair	<u>15,000</u>	<u>15,000</u>
Total	\$736,200	\$982,300

Funding is provided for the following three items:

First, provide \$421,200 in 2007-08 and \$667,300 in 2008-09 for emergency LTE firefighters, support, training, and equipment for assistance during the spring fire season. Funding includes \$54,500 annually to provide training for emergency firefighters in fire suppression and engine operation, and \$246,100 in one-time funding in 2008-09 for personal protection equipment, fire shelters, and radios. The remaining \$366,700 annually would be for increased LTE support.

Second, provide \$300,000 annually on an ongoing basis for master lease payments supporting the purchase of base station radio tower repeaters. The base stations comprise the Department's public safety communications network and are used primarily for forest fire detection and control. The 2005-07 biennial budget authorized funding for the first two years of an expected four-year master lease. The current master lease agreement is for \$1.6 million over six years.

Third, provide \$15,000 annually for the periodic inspection and repair of 93 fire towers located throughout the intensive fire protection areas of the state. Many of the towers were built 60 to 70 years ago.

Joint Finance/Senate/Assembly: Adopt the Governor's recommendation with the following modifications:

a. Designate \$300,000 in each year for master lease payments for radio tower repeaters be on a one-time basis.

b. Reduce the amount provided by \$45,600 annually to reflect resources currently allocated for emergency firefighters backup.

3. INVASIVE SPECIES CONTROL [LFB Paper 578]

SEG	\$160,000
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Governor: Provide \$50,000 in 2007-08 and \$110,000 in 2008-09 from the forestry account for a statewide program to control invasive species.

Section 23.22 of the statutes requires that the Department to establish a statewide program to control invasive species and to report annually on the program. Funding includes \$50,000 annually for technology to detect and monitor the emerald ash borer, a non-native insect that is threatening ash trees in Great Lakes states. In addition, DNR's Division of Forestry has reallocated \$150,000 annually, with a three-quarter time position, beginning in 2006-07 from funding provided for gypsy moth control to the emerald ash borer effort.

Funding also includes \$60,000 beginning in 2008-09 to support cost-sharing projects with local invasive plant management groups through the Wisconsin Forest Landowner Grant Program.

	<u>2007-08</u>	<u>2008-09</u>
Emerald Ash Borer	\$50,000	\$50,000
Forest Landowner Grant Program	<u>0</u>	<u>60,000</u>
Total	\$50,000	\$110,000

Joint Finance/Senate/Assembly: Adopt the Governor's recommendation. However, specify that at least \$60,000 annually beginning in 2008-09 be allocated under the Wisconsin Forest Landowner Grant Program (WFLGP) to groups of interested parties for invasive plant projects in weed management areas (as defined by DNR rule). The groups would consist of landowners who each own less than 500 acres of nonindustrial forest.

The WFLGP program provides grants to landowners who own at least 10, but less than 500 acres of private, nonindustrial forest land. This action expands the eligibility for WFLGP grants to include groups conducting invasive plant projects.

4. STATE PARK MOBILE RADIOS

SEG	\$94,400
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Governor/Joint Finance/Senate/Assembly: Provide \$47,200 (\$10,900 forestry account and \$36,300 parks account) in each year, on a one-time basis, for the third and fourth year payments of a five-year master lease agreement for mobile radio equipment. The 2005-07 biennial budget provided one-time funding for the first two years of payments on a master lease to replace mobile and portable radios in the state park and forest system.

5. CAMPSITE ELECTRICAL SERVICE

SEG	\$141,000
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Governor/Joint Finance/Senate/Assembly: Provide \$70,500 annually (\$3,800 forestry

account and \$66,700 parks account) to add electrical facilities at new and existing campsites. The Department plans on installing 50-amp electrical service at 178 campsites by 2008 at 12 state parks and one southern state forest. The request includes \$56,200 annually for supplies and utility costs, and \$14,300 annually for LTE assistance.

6. PARKS INTERPRETIVE FEES

Governor/Joint Finance/Senate/Assembly: Create a SEG continuing appropriation into which revenues from fees for educational and interpretive programs in state parks would be credited, to be used for costs associated with those programs.

Under current law, DNR is authorized to charge fees, in addition to vehicle admission fees, for special programs and events in state parks. Currently, these fee revenues are deposited in the parks account, but are not statutorily designated for a particular purpose. Although not recognized under the bill, the provision would shift interpretive fees of approximately \$15,000 annually from the general balance of the parks account to the new dedicated appropriation account.

7. INFORMATION TECHNOLOGY-BADGERNET COSTS

SEG	\$300,000
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Governor/Joint Finance/Senate/Assembly: Provide \$150,000 annually (\$45,000 forestry account and \$105,000 parks account) to offset the costs to transfer state park and forest facilities to the new, high speed Badgernet services required by the Department of Administration.

Currently, the majority of parks properties are not served by high speed network. Funding would be provided to make the transfer to high speed service, provide 24-hour, 7-day connection and equipment support at most locations. The bill would provide \$45,000 annually to increase internet networking capabilities at two southern state forest locations and offer new BadgerNet services to five additional sites in southern state forests. The remaining \$105,000 includes \$32,400 annually to provide service to up to six additional state park locations, \$25,000 annually for maintenance and replacement of electrical and telecommunication equipment, and \$47,600 annually for fiber optic and wireless communication expansion at one or two parks each year.

8. TIMBER SALES CONTRACTS

Governor/Joint Finance/Senate/Assembly: Create a continuing appropriation into which the portion of the proceeds from timber sales on state forest lands that DNR will pay to a cooperating forester is credited, to make the required payments.

Under current law, DNR is required to establish a program that allows the Department to contract with private cooperating foresters to assist the state in the harvesting and sale of timber from state forest lands to meet its annual allowable timber harvest. The Department is

authorized to use a portion of the proceeds from the timber sales to pay cooperating foresters for their assistance. Currently, DNR determines the amount to be paid to the cooperating forester (from the proceeds of the timber sale) based on a bidding process prior to the cooperating forester's harvest of the timber.

9. FORESTRY MANAGEMENT PLAN REESTIMATE [LFB Paper 575]

SEG	- \$1,600,000
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Joint Finance/Senate/Assembly: Delete \$800,000 each year to reestimate the forestry management plan contracts appropriation to \$320,000 annually (expenditures have not exceeded this amount in any year).

10. SUSTAINABLE FORESTRY EDUCATION REESTIMATE

SEG	- \$474,800
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Joint Finance/Senate/Assembly: Delete \$118,700 SEG annually from each of the following appropriations to reflect a reestimate of available revenues: (a) DNR public education on sustainable forestry; and (b) DNR and UW-Stevens Point to develop forestry education curriculum for grades Kindergarten through 12th grade. Further, lapse \$950,000 in 2007-08 from the continuing appropriation balance under appropriation (a) above to the general balance of the forestry account.

The two appropriations each receive 50% of the 3¢ per seedling surcharge assessed on trees shipped from the state tree nurseries to be used for sustainable forestry education. Actual revenues have averaged less than \$200,000 annually. This action would reestimate each appropriation at \$200,000 annually (rather than \$318,700 under the bill) to reflect actual revenue collections. Further, \$950,000 is directed to be lapsed from a continuing balance identified by DNR in their public education appropriation to the general balance of the forestry account. This would be expected to increase the June 30, 2009, available balance of the forestry account by \$1.4 million.

11. COUNTY FOREST ASSOCIATION GRANT

Joint Finance/Senate/Assembly: Specify that DNR may make available grants under the county forest administrator grants program for up to 50% of the costs of a county's dues to a not-for-profit organization that would provide leadership, counsel, and continuity to a county forest administrator and their respective forestry committee and also function as an organizational liaison to the DNR. Total grant awards for dues may not exceed \$50,000 annually.

DNR provides grants under the county forest administrator grants program to counties with county forest land for up to 50% of the salary and fringe benefits of a county forest administrator or assistant county forest administrator. Expanding the eligible uses of county forest administrator grants to include up to 50% of a county's dues to the Wisconsin County

Forest Association would cost at least \$38,200 annually, or higher to the extent dues may increase in the future, but not to exceed \$50,000 annually.

12. STATE PARK COLLEGE ADMISSION EXEMPTION

Joint Finance/Senate/Assembly: Create an exemption to state park vehicle admission fees for college students visiting a state park in conjunction with an accredited Wisconsin college or university course.

Under current law, an exemption for state park vehicle admission fees exists for any motor vehicle visiting the park which is operated for the purpose of transporting pupils to or from curricular or extracurricular activities of a public or private school or home-based private educational program. The operator of a motor vehicle transporting pupils must provide written authorization from an administrator of the school or home-based private educational program indicating that admission to the vehicle admission area is part of an official school or home-based private educational program function and indicating the date for which the authorization is applicable. A separate authorization is required for each date on which the motor vehicle is admitted to the vehicle admission area. This provision would expand the exemption for motor vehicles transporting students to an outdoor academic class to include students from a Wisconsin accredited college or university. This would result in a minimal loss of revenue to the parks account.

Water Quality

1. WATER RESOURCES ACCOUNT LAPSES [LFB Paper 587]

Governor: To help address a structural deficit (expenditures from the water resources account exceeded revenues to the account in fiscal year 2005-06 by approximately \$1.3 million), lapse \$2,085,900 in uncommitted balances from the following continuing appropriations back to the unappropriated balance of the water resources account of the conservation fund. The lapsed amounts would not affect ongoing appropriation levels, but rather would lapse unused balances that have accrued from prior years.

<u>Appropriation</u>	<u>Lapse Amount</u>
Recreational Boating Aids	\$1,400,000
Statewide Boating Access	311,700
Mississippi and St. Croix Rivers Management	224,200
Lake Management and Invasive Species Control Grants	<u>150,000</u>
Total	\$2,085,900

Joint Finance/Senate/Assembly: Adopt the Governor's recommendation. Further, lapse an additional \$872,800 from the following continuing, uncommitted, balances of the identified appropriations to the general balance of the water resources account of the conservation fund to reflect a DNR expenditure reduction plan to bring expenditures in line with available revenues. (Grant amounts for lake protection and invasive species management would not be reduced during 2007-09.)

	<u>2007-08</u>	<u>2008-09</u>
Recreational Boating Aids Grant Program	\$377,200	\$132,000
Lake Protection and Aquatic Invasive Grants	279,800	0
State Boating Access Development	22,600	8,500
Non-Profit Conservation Organizations	19,100	7,100
State Boating Access Southeastern Lakes	11,200	4,200
Mississippi/St. Croix Rivers Acquisition Program	7,000	2,600
Facilities Acquisition and Maintenance	<u>1,100</u>	<u>400</u>
Total	\$718,000	\$154,800

2. AQUATIC INVASIVE SPECIES -- BOAT AMBASSADORS
[LFB Paper 588]

SEG	\$431,000
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Governor: Provide \$215,500 annually from the water resources account of the conservation fund for LTE support to manage aquatic invasive species. The funding would provide two LTE conservation wardens in each of the five DNR regions, providing 10 wardens for 24 weeks during the boating season. These LTE wardens would visit boat landings to conduct public education and enforcement of aquatic invasive regulations.

Joint Finance/Senate/Assembly: Adopt the Governor's recommendation, except switch the source of the \$215,500 beginning in 2008-09 for LTE boat ambassadors from the water resources account to boat registration account.

3. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

Joint Finance/Senate/Assembly: Direct DNR to provide a grant for \$250,000 in 2007-08 from the recreational boating aids grant program to the Southeastern Wisconsin Fox River Commission to support ongoing activities consistent with the organization's implementation plan, including: (a) initiating and coordinating surveys and research projects relating to the Southeastern Wisconsin Fox River Basin; (b) acting as a liaison between federal, state, and local agencies and other organizations involved in protecting, rehabilitating, and managing water resources, and (c) providing public information relating to the Southeastern Wisconsin Fox River.

The Southeastern Wisconsin Fox River Commission was created in 1997 in order to address water resource concerns within the river system. Under the implementation plan, goals of the Commission include the improvement of water quality and the scenic, economic, and

environmental value of the waters of the Illinois Fox River basin as well as the protection and enhancement of the recreational use of the basin's navigable waters. This provision would bring to \$1,075,000 the amount provided to the Commission from the water resources account since its creation in 1997. Recreational boating project aids are funded at \$3.1 million water resources SEG annually.

4. ANIMAL WASTE MANAGEMENT GRANTS

Governor/Joint Finance/Senate/Assembly: Specify that DNR may make grants from funding provided for the priority watershed program to local governments to be used for cost-share grants to landowners for the implementation of animal waste management practices if the Department has issued a notice of discharge (NOD) to the landowner and has determined that providing funding for animal waste management is necessary to protect fish and aquatic life.

DNR may issue an NOD if manure from an animal feeding operation is causing significant ground or surface water pollution. Under current law, DNR generally may only make grants for animal waste management purposes under the competitive targeted runoff management (TRM) grant program. However, if the property on which DNR has issued an NOD is located within an existing priority watershed project, the county can elect to offer cost sharing to the landowner from the county's annual priority watershed allocation from DNR. Further, the Department of Agriculture, Trade and Consumer Protection (DATCP) can provide animal waste management grants as a part of its annual soil and water resource management grants to counties (DATCP has set aside \$100,000 for this purpose in calendar year 2007).

5. MARINA CONDOMINIUMS

Joint Finance/Senate/Assembly: Move to specify that except for marina condominiums existing prior to June 1, 2007, no owner of riparian land that abuts a navigable water may grant an easement or similar conveyance of any riparian right in the land to another person, except for the right to cross the land in order to have access to the navigable water (which would not include the right to place any structure or material, including a boat docking facility, in the navigable water). Define a "marina condominium" as a condominium in which the common elements, limited common elements, or condominium units consist of, or include, boat docking facilities and in which one or more of the boat docking facilities is not appurtenant to a dwelling unit in the condominium, or in which there are no dwelling units.

In addition, specify that any marina condominium created prior to June 1, 2007, be effective regardless of any subsequent amendment, modification, or restatement of declaration by a court or administrative order or by all of the owners of the condominium units, or any determination by court or administrative order that the declaration is void or voidable or that the condominium units in the marina condominium are not intended for any type of independent use. However, specify that any such marina condominiums may not increase the size of the facility or number of boat slips in the boat docking facility.

Further, specify that a marina condominium in existence prior to June 1, 2007, that contains more than 300 boat slips must have at least 40% of the total number of boat slips in the marina condominium available for rent or transient use by the public. Require the marina condominium declarant to include this information in the sales or transfer document should the declarant sell or transfer interest in a condominium unit affected by this restriction.

In addition, in the instance of a marina condominium that was previously a marina, specify that a permit issued to place, maintain, or use a boat docking facility prior to the formation of the marina condominium remain in effect and may not be rescinded or modified by DNR, a municipality, or a court or administrative order, or if any modifications are made that affect the condominium declaration, if the grounds for the rescission or modification are based on the facility's status as a marina condominium, provided the permit was issued prior to the conversion of the marina into a marina condominium. In the instance of a marina condominium that was not previously a marina, specify that a permit issued to place, maintain, or use a boat docking facility prior to the formation of the marina condominium may not be modified by DNR, a municipality, court or administrative order, or if any modifications are made that affect the condominium declaration. Specify that the Department of Natural Resources retains the authority to enforce the terms and conditions of a permit or other authorization except as they relate to the form of ownership of a boat docking facility.

Further, specify that no owner of riparian land may create a marina condominium on riparian land on or after June 1, 2007. Specify that any marina condominium created after June 1, 2007, be invalid and ownership of the riparian land would become a tenancy in common held by the owners of the marina condominium units.

6. CONTAMINATED SEDIMENT REMOVAL BONDING [LFB

BR	\$17,000,000
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Paper 599]

Governor/Joint Finance/Senate/Assembly: Authorize \$17,000,000 in general obligation bonding authority to fund a portion of the costs of a project to remove contaminated sediment from Lake Michigan or Lake Superior or a tributary of Lake Michigan or Lake Superior if federal funds are provided for the project under the Great Lakes Legacy Act. Create a sum sufficient appropriation from the segregated environmental management account of the environmental fund to pay debt service costs. No debt service costs would be estimated for the 2007-09 biennium. The administration indicates that the funds would be used for cleanup of contaminated sediment in Milwaukee in the Kinnickinnic River and the impoundment in the Milwaukee River north of the Estabrook dam in Lincoln Park, and would be expected to leverage \$31 million in federal funds from the Great Lakes Legacy Fund.

7. CONTAMINATED SEDIMENT POSITION

Governor/Joint Finance/Senate/Assembly: Convert
\$72,400 annually with 1.0 Fox River sediment cleanup coordinator

	Funding	Positions
FED	-\$144,800	-1.00
PR	<u>144,800</u>	<u>1.00</u>
Total	\$0	0.00

position from federal to program revenues received from the paper companies that are responsible parties for the Fox River cleanup. Currently, the paper companies pay the U.S. Environmental Protection Agency (EPA) for the costs of the cleanup coordinator position, and EPA provides federal funds to DNR for the position. Under the bill, the paper companies would pay DNR directly for the position.

8. WELL NOTIFICATION FEE TRANSACTIONAL COSTS [LFB Paper 590]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$22,000	\$1,250,000	\$1,272,000

Governor: Provide \$22,000 PR annually for groundwater quantity administration to pay transactional costs incurred when well notification fees are paid to the Department through the automated license issuance system (ALIS). The groundwater quantity administration appropriation receives revenues from a \$50 well notification fee paid by a landowner before construction of a well, and from a \$500 high capacity well fee. For each \$50 well notification fee paid through the ALIS system, DNR pays a transactional fee to the ALIS contractor and to the ALIS agent that collected the fee. In 2005-06, the appropriation paid \$21,700 in ALIS well notification fee transactional costs. 2005 Act 25 provided funding for 5.0 positions to administer the groundwater quantity protection provisions. Of the total funding, \$61,000 was for supplies, including \$25,500 for ALIS notification fees.

Joint Finance/Senate/Assembly: Approve the Governor's recommended funding level, but provide funding for limited-term employees to collect groundwater use data from owners of high-capacity wells. In addition, approve an increase of \$1,250,000 PR in 2007-08 in the groundwater mitigation grants and local assistance appropriation to reestimate the amount available for this purpose.

9. ENVIRONMENTAL FUND POSITIONS

	Funding	Positions
SEG	-\$202,400	- 1.90

Governor/Joint Finance/Senate/Assembly: Delete \$101,200 SEG annually with 1.9 vacant SEG positions from the environmental fund, as follows: (a) -\$63,500 annually with -1.0 position in the watershed management program from the nonpoint account of the environmental fund; and (b) -\$37,700 annually with -0.9 position in the communication and education program split-funded from the nonpoint account (19%) and the environmental management account (81%) of the environmental fund.

10. WELL ABANDONMENT GRANTS

Joint Finance/Senate/Assembly: Expand eligibility for the well compensation grant

program to include claims for compensation for a well that is subject to abandonment (that is, for a well that is required to be abandoned because it is unused or poses a hazard to health or safety). Claims would be authorized for well abandonment, even though a new private water supply would not be constructed or a connection is not provided to a public or private water supply (as required under current law). DNR would be required to establish requirements for the filling and sealing of wells subject to abandonment. Current requirements for household income and grant maximum would apply to the new eligible use of grant funds. The current requirement of a \$250 copayment by claimants with a contaminated private water supply would not apply to claimants where a claim is solely for well abandonment.

Currently, persons eligible for a well compensation grant include landowners or lessees of property on which is located a contaminated private water supply well that serves a residence or is used for watering livestock. The family income of the grant recipient may not exceed \$65,000, and the grant maximum is 75% of eligible costs up to a maximum grant of \$9,000. The following activities are eligible for well compensation: (a) obtaining an alternate water supply; (b) providing equipment to treat the water; (c) reconstructing the contaminated well; (d) constructing a new well; (e) connecting to an existing private or public water supply to replace the contaminated well; (f) properly abandoning the contaminated well, if a new well is constructed or if connection to a public or private water supply is provided; (g) testing of water if it shows that the well is contaminated and if the cost of those tests was originally paid by the claimant; (h) purchasing and installing a pump, if a new pump is necessary for the new or reconstructed private water supply; and (i) relocating pipes, if necessary, to connect the replacement water supply to the buildings served by it. In addition, under 2005 Act 123, DNR was authorized to create an area of special eligibility for the program, based on contamination reported after December 31, 2005, if results of tests performed by a certified laboratory establish that wells in the area are contaminated by fecal bacteria, and evidence demonstrates that the bacterial contamination is caused by livestock.

The well compensation program is funded from a continuing appropriation from the environmental management account of the environmental fund. Program expenditures were \$152,800 SEG in 2005-06. The program is appropriated \$294,000 SEG in 2006-07 and, in addition, had available an unencumbered July 1, 2006, appropriation balance of \$105,000. The bill would continue base funding of \$294,000 annually.

Air, Waste, and Contaminated Land

1. VEHICLE ENVIRONMENTAL IMPACT FEE [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$19,414,500	- \$55,500	\$19,359,000

Governor: Eliminate the December 31, 2007, sunset of the \$9 per title vehicle environmental impact fee. The Administration estimates making the fee permanent would generate additional revenue of \$6,450,000 in 2007-08 and \$12,964,500 in 2008-09. The fees are assessed at the time of titling new and used vehicles, and are collected by the Department of Transportation. DOT deposits the fees in the environmental management account of the segregated environmental fund. The environmental management account provides funding for Department of Commerce brownfields grants, DNR brownfield site assessment and green space grants, and DNR administration of contaminated land cleanup, groundwater management, state-funded remediation actions, and debt service for general obligation bonds for remedial action. Revenues to the account are also generated from several other fees, including solid waste tipping fees, a transfer from the petroleum inspection fund, certain pesticide and fertilizer fees, and a sanitary permit surcharge. The vehicle environmental impact fee generates over 50% of revenue to the account, including \$12,825,300 in 2005-06. Environmental management account revenue totaled \$24.8 million in 2005-06. In addition, \$8.3 million was received specifically for the Fox River cleanup and reserved for that purpose.

Joint Finance/Senate/Assembly: Delete provision. Rather, continue the \$9 fee for two additional years, until December 31, 2009. Reestimate revenues from the fee to be \$6,453,000 in 2007-08 (an increase of \$3,000) and \$12,906,000 in 2008-09 (a decrease of \$58,500).

2. **ENVIRONMENTAL CLEANUP BONDING AUTHORITY** [LFB

BR	\$3,000,000
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 Paper 598]

Governor/Joint Finance/Senate/Assembly: Provide \$3,000,000 in general obligation bonding authority to conduct remedial actions at contaminated sites. The request would increase DNR's general obligation bonding authority for remedial action from \$44 million to \$47 million. Bonding can be used for: (a) state-funded cleanup under the environmental repair statute (s. 292.31) or hazardous substances spills statute (s. 292.11) when construction is involved and no responsible party is known, willing or able to take the necessary action; and (b) the state's cost-share at federal Superfund or leaking underground storage tank trust fund sites. Debt service costs are paid from the environmental management account of the segregated environmental fund and totaled \$3.0 million in 2005-06, and are estimated at \$3.8 million in 2006-07.

3. **DRY CLEANING FEE INCREASE** [LFB Paper 600]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$1,050,000	-\$300,000	\$750,000
SEG	\$0	\$170,000	\$170,000

Governor: Increase the dry cleaning fee imposed on dry cleaning facilities from 1.8% to 2.8% of the gross receipts from the previous three months from dry cleaning apparel and household fabrics. The fee increase would first apply to the quarterly payment due on July 25, 2007, for gross receipts from April 1, 2007, through June 30, 2007. The Department of Revenue collects the fees and deposits them in the segregated dry cleaner environmental response fund. The fund is used to reimburse owners and operators of dry cleaning facilities for a portion of cleanup costs from contamination caused by dry cleaning solvents, and for administrative costs by DNR and DOR. The Administration estimates the fee increase would generate \$525,000 in additional revenue in each of 2007-08 and 2008-09. For 2005-06, revenues to the dry cleaner fund totaled \$1.1 million with expenditures of almost \$2 million (including over \$1.7 million in cleanup reimbursement).

Joint Finance/Senate/Assembly: Approve the Governor's recommendation, but first apply the fee increase to the second quarterly payment due after publication of the biennial budget act. Reestimate revenue from the fee to \$250,000 in 2007-08 and \$500,000 in 2008-09, a decrease of \$300,000 from the amounts in the bill. Finally, provide additional dry cleaner environmental response financial assistance of \$170,000 in 2008-09, to provide a total of \$2,270,000 in the 2007-09 biennium (claim payments for the 2005-07 biennium are expected to exceed \$3.6 million).

4. AIR PERMIT SYSTEM STREAMLINING

PR	\$877,500
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Governor/Joint Finance/Senate/Assembly: Provide an increase of \$913,100 in 2007-08 and a decrease of \$35,600 in 2008-09 for air permit database system streamlining activities. The revenue source would be air construction (new source review) permit fee revenue from new, modified, reconstructed, relocated or replaced air pollutant sources that are generally required to obtain an air construction permit before beginning construction. A construction permit allows a company to build, initially operate, and test the air pollution source. The authorization to construct, reconstruct, replace or modify a stationary source expires after 18 months and can have one 18-month extension under certain instances. The following funding would be provided:

a. An increase of \$650,000 in 2007-08 and a decrease of \$35,600 in 2008-09 to pay private contractors for information technology development and maintenance. In the 2005-07 biennial budget, one-time funding of \$259,600 in 2005-06 and \$517,200 in 2006-07 was provided for these activities. In addition, the 2005-07 biennial budget provided funding of \$271,200 in 2005-06 and \$135,600 in 2006-07 to pay contractors for permit issuance activities. The Department reallocated the permit issuance contracting funds to pay private contractors for information technology development and maintenance. The \$135,600 in base funding would continue to be used for information technology contracting. Under the bill, a total of \$785,600 in 2007-08 and \$100,000 in 2008-09 would be available for these activities.

b. \$263,100 in 2007-08 to pay for DNR staff to perform computer programming activities related to completing a permit streamlining project. Of this amount, \$168,700 would

pay for two existing positions in the Division of Customer and Employee Services through departmental charges, and \$94,400 would pay for limited-term employees in the Bureau of Air Management. In the 2005-07 biennial budget, one-time funding of \$225,300 in 2005-06 and \$263,100 in 2006-07 was provided for these activities.

5. REPEAL CERTAIN COOPERATIVE ENVIRONMENTAL ASSISTANCE APPROPRIATIONS

Governor/Joint Finance/Senate/Assembly: Repeal two appropriations, one from solid and hazardous waste program revenue fees and the other from the petroleum inspection fund, that formerly provided funding to the cooperative environmental assistance program. In the 2005-07 biennial budget, the cooperative environmental assistance program, and funding in the two appropriations that would be repealed, were moved from the Division of Customer Assistance and Employee Services to the Division of Air and Waste.

6. LANDFILL OPERATOR CERTIFICATION FEES

Governor/Joint Finance/Senate/Assembly: Change the appropriation into which program revenue from landfill operator certification fees are deposited, and from which DNR administrative expenses for the program are funded, from a separate program revenue appropriation, to the main solid and hazardous waste management administrative appropriation. The separate appropriation would be repealed. In 2005-06, \$14,300 in revenue was deposited in the separate appropriation. While DNR anticipates there will be no balance in the separate appropriation on the effective date of the bill, any balance would lapse to the general fund when the appropriation is repealed.

OFFICE OF STATE EMPLOYMENT RELATIONS

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$633,600
PR	<u>92,200</u>
Total	\$725,800

Governor/Joint Finance/Senate/Assembly: Provide standard adjustments totaling \$316,800 GPR and \$46,100 PR annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$316,800 GPR and \$43,900 PR annually); and (b) reclassifications (\$2,200 PR annually).

PROGRAM SUPPLEMENTS

1. STATE-OWNED OFFICE RENT SUPPLEMENTS [LFB Paper 102]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$3,703,600	-\$3,703,600	\$0

Governor: Provide \$1,851,800 annually in the program supplements appropriation for state-owned facility rental increases. The appropriation is utilized to supplement state agencies' GPR appropriations for the increased costs of space occupied in state-owned office buildings. Currently, no funding is provided under this appropriation.

Joint Finance/Senate/Assembly: Decrease funding by \$169,600 in 2007-08 and \$1,800 in 2008-09 to reflect reestimated need for rent supplements in the biennium. Place \$1,682,200 in 2007-08 and \$1,850,000 in 2008-09 in the Joint Finance Committee's GPR supplemental appropriation (See Item #1).

2. FUNDING FOR RENT INCREASES IN PRIVATELY-OWNED STATE OFFICE SPACE

GPR	-\$43,900
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Governor/Joint Finance/Senate/Assembly: Decrease funding by \$257,800 in 2007-08 and increase funding by \$213,900 in 2008-09 in the program supplements appropriation for private facility rental increases. The appropriation is utilized to supplement state agencies' GPR appropriations for the increased costs of any privately-leased office space that they occupy. Under this provision, state funding would be \$902,400 in 2007-08 and \$1,374,100 in 2008-09.

PUBLIC DEFENDER

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$7,182,800
PR	<u>36,600</u>
Total	\$7,219,400

Governor/Joint Finance/Senate/Assembly: Provide standard adjustments totaling \$3,591,400 GPR and \$18,300 PR annually.

Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$3,363,200 GPR and \$12,300 PR annually); (b) reclassifications (\$3,100 PR annually); (c) overtime (\$218,400 GPR and \$2,900 PR annually); and (d) full funding of lease costs and directed moves (\$9,800 GPR annually).

2. AGENCY OPERATIONAL BUDGET MODIFICATIONS AND PRIVATE BAR FUNDING [LFB Paper 620]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$2,073,500	0.00	\$1,659,200	12.00	-\$414,300	12.00
PR	<u>1,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>1,600</u>	<u>0.00</u>
Total	-\$2,071,900	0.00	\$1,659,200	12.00	-\$412,700	12.00

Governor: Provide -\$1,046,100 GPR and \$800 PR in 2007-08, and -\$1,027,400 GPR and \$800 PR in 2008-09, to permit the Office of the State Public Defender (SPD) to minimize staff attorney vacancies and reduce the number of cases assigned to private bar attorneys.

Fifth Week of Vacation as Cash. Provide \$255,800 GPR and \$800 PR in 2007-08, and \$274,500 GPR and \$800 PR in 2008-09, to fully fund SPD "fifth week of vacation as cash" obligations. Under current law, certain long-term employees (generally, those with 20 to 25 or more years of service) may elect to receive a cash payment in lieu of a fifth week of paid vacation. Under state statute and collective bargaining provisions, these payments must be made to eligible SPD employees who request them.

Restoration of 2005-07 Base Budget Reduction. Restore \$201,400 GPR annually in supplies and services funding that was deleted as a base budget reduction under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act).

Turnover Reduction. Exempt the SPD from the standard budget adjustment requirement that any appropriation funding more than 50.0 full-time equivalent (FTE) positions is reduced by three percent annually to reflect anticipated vacancies due to staff turnover. Exempting the Office from this requirement would permit the SPD to retain \$849,100 GPR annually in base budget expenditure authority under its GPR annual trial representation appropriation.

Private Bar Funding Reduction. Reduce the SPD's GPR-funded private bar and investigator reimbursement biennial appropriation by \$1,503,300 GPR annually to reflect reduced assignment of SPD cases to the private bar.

The intent of providing increased funding for the various operating budget items identified above is to mitigate the need for the SPD to maintain position vacancies in order to remain within its operational budget. As a result, private bar costs are reduced under the bill.

Current Law. The SPD has trial (280.0 FTE positions) and appellate (27.5 FTE) staff attorneys who provide representation to indigent defendants. Each trial division attorney (and generally each attorney supervisor) must meet one of the following annual statutory caseload requirements: (a) 184.5 felony cases; (b) 15.0 homicide or sexual predator cases; (c) 492.0 misdemeanor cases; (d) 246.0 other cases; or (e) some combination of these categories. The SPD sets the caseload standard for each appellate attorney between 54 and 60 cases per year, depending on the complexity of the attorney's case mix and the attorney's level of experience.

Private bar attorneys are assigned: (a) overflow cases; and (b) cases where a staff attorney has a conflict of interest that precludes the attorney from providing representation. Private bar attorneys are paid in two ways: (a) an hourly rate of \$40 for in-court and out-of-court time; and (b) for some misdemeanor cases, a flat, per case contracted amount.

Joint Finance/Senate/Assembly: Modify the Governor's recommendations by: (a) creating 9.0 full-time equivalent (FTE) attorney positions and 3.0 FTE legal secretary positions under the GPR-funded trial representation appropriation; (b) transferring \$161,600 GPR in 2007-08, and \$22,600 GPR in 2008-09, from the trial representation appropriation to the private bar appropriation; and (c) providing an additional \$1,675,100 GPR in 2007-08, and -\$15,900 GPR in 2008-09, to the private bar appropriation to fully fund private bar costs during the biennium.

3. VERIFICATION OF ELIGIBILITY FOR REPRESENTATION AND COLLECTION OF REQUIRED FEES FROM CLIENTS

	Funding	Positions
PR	\$130,300	1.00

Governor/Joint Finance/Senate/Assembly: Provide \$63,100 in 2007-08, and \$67,200 in 2008-09, and 1.0 financial specialist position annually to permit the SPD to: (a) verify additional financial eligibility forms to ensure that individuals seeking SPD representation financially qualify for such representation; and (b) improve collection of payments required to be made by SPD clients. The bill would provide: (a) \$29,100 in 2007-08 and \$38,700 in 2008-09 in salary and fringe benefits funding; (b) \$9,500 in 2007-08 (including \$6,500 in one-time costs) and \$4,000 in 2008-09 in position related supplies and services funding; and (c) \$24,500 annually in increased supplies and services funding to address increased telephone, postage, and printing costs to verify client eligibility and notify clients of payment obligations.

Program revenue funding is generated from SPD client fees. The SPD utilizes client fees to offset the cost of providing private bar counsel to the indigent. In 2005-06, the SPD utilized \$1,404,100 PR in client fees to offset the costs of private bar counsel. It is estimated that there

will be \$1,563,800 PR in client fees in 2006-07 that will be available for these costs.

4. PENALTY SURCHARGE SHORTFALL [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$7,100	\$7,100	\$0

Governor: Reduce expenditure authority by \$7,100 in 2007-08 under the agency's conference and training appropriation that is supported by penalty surcharge funding. The appropriation is utilized by the SPD to sponsor training and conferences for both staff attorneys and private bar attorneys who accept assignment of SPD cases. The reductions generally reflect a one-time decrease of 5% in 2007-08 (after standard budget adjustments) to appropriations supported by penalty surcharge receipts in order to address a deficit in penalty surcharge funding. [See "Justice."]

Joint Finance/Senate/Assembly: Delete provision.

5. DISCOVERY COSTS

Governor/Joint Finance/Senate/Assembly: Specify that when the SPD, or a private bar attorney representing an SPD client, requests copies, in any format (not just photocopies as under current law), of any item that is discoverable in a criminal proceeding or a sexually violent person commitment case, the SPD must pay the fees charged from its transcripts, discovery and interpreters appropriation. As with photocopies under current law, if the person providing the copies charges the SPD a fee for the copies, the fee may not exceed the actual, necessary, and direct cost of providing the copies.

PUBLIC INSTRUCTION

General School Aids and Revenue Limits

1. PRIOR YEAR BASE REVENUE FLOOR FOR SEVERE DECLINING ENROLLMENT [LFB Paper 626]

Governor: Provide that a school district's initial revenue limit for the current year would, in certain cases, be set equal to its prior year's base revenue, beginning in the 2007-08 school year. Specify that this base revenue floor would apply if a school district's revenue limit in the current year, after consideration of the per pupil adjustment and low-revenue ceiling, but prior to any other adjustments, is less than the district's base revenue from the prior year. For some districts with relatively large declines in enrollment, the initial revenue limit for the current year can still be less than the district's prior year base revenue, even after the per pupil adjustment (\$256.93 in 2006-07) and low-revenue ceiling adjustment (\$8,400 per pupil in 2006-07) are calculated.

Joint Finance/Senate/Assembly: Specify that the adjustment would be nonrecurring.

2. LOW-REVENUE CEILING [LFB Paper 627]

Governor/Joint Finance/Senate/Assembly: Increase the low-revenue ceiling under revenue limits to \$8,700 in 2007-08 and \$9,000 in 2008-09. Under current law, any school district with base revenues per pupil of less than \$8,400, may increase its revenues up to the low-revenue ceiling of \$8,400 per pupil. In 2006-07, 95 districts were affected by the \$8,400 per pupil ceiling.

Categorical Aids

1. SPECIAL EDUCATION AIDS [LFB Paper 635]

GPR	\$53,588,400
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Governor/Joint Finance/Senate/Assembly: Provide \$17,420,900 in 2007-08 and \$36,167,500 in 2008-09 for special education categorical aid, which would represent increases of 5.24% in 2007-08 and 5.35% in 2008-09. Total funding would increase from \$332,771,600 in 2006-07 to \$350,192,500 in 2007-08 and \$368,939,100 in 2008-09. Based on cost data included in the DPI agency budget request, it is estimated that this funding would equal 28.8% of eligible costs in 2007-08 and 29.0% in 2008-09.

2. SCHOOL LIBRARY AIDS REESTIMATE

SEG	\$17,000,000
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Governor/Joint Finance/Senate/Assembly: Provide \$6,000,000 in 2007-08 and \$11,000,000 in 2008-09 over annual base level funding of \$29,000,000, as a reestimate of school library aids. The segregated revenue is interest earned on loans and investments from the Common School Fund, and is distributed on a per-capita basis based on the number of four- to twenty-year-olds living in each school district.

3. GRANTS FOR WORLD LANGUAGES INSTRUCTION [LFB Paper 643]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$500,000	- \$500,000	\$0

Governor: Provide \$500,000 in 2008-09 in a new, annual appropriation for grants for world languages instruction. Provide that beginning in 2008-09, the State Superintendent would award grants to school districts to promote world languages instruction in grades one to six. Grants would be paid over a six-year term and would be non-renewable. Require DPI to promulgate rules to implement the program and require those rules include all of the following: (a) a definition of world languages eligible for inclusion under the program; (b) criteria for selecting recipients of a grant award, including the quality of the application and the ability of the applicant to continue teaching world languages at the end of the six year grant; and (c) the schedule of payments to be made pursuant to each award. DPI would be required to strive to distribute grants among urban, rural, and suburban school districts.

Provide that a school district may apply to DPI to receive a six-year grant to teach world languages in grades one through six. The State Superintendent would award grants and each school district receiving a grant would use the grant moneys for teachers to teach one or more world languages as follows: (a) during the first year of the grant, \$30,000 to assign one teacher to teach one or more world languages in first grade; (b) during the second year, \$30,000 for one teacher for first and second grades; (c) during the third year, \$60,000 for two teachers for first through third grades; (d) during the fourth year, \$60,000 for two teachers for first through fourth grades; (e) during the fifth year, \$30,000 for two teachers for first through fifth grades; and (f) during the sixth year, \$30,000 for two teachers for first through sixth grades.

Require that in each year of the grant, each school board receiving an award would be required to use a portion of the grant to send the following three teachers to twice-yearly professional development workshops offered by DPI: (a) one teacher funded by the grant and who is teaching a world language in the grade level added in that year, pursuant to the schedule specified; and (b) two teachers who do not teach a world language, but who teach at the same grade level as the teacher specified in (a), for the purpose of integrating a world language into their curricula.

Require that if in any fiscal year appropriated funding is insufficient to fully fund the grants awarded under the program, DPI would prorate the available moneys among the school districts receiving grants. Add eligibility for the grant program to the list of statutory provisions that apply to the Milwaukee Public Schools as a first class city school district.

Joint Finance/Senate/Assembly: Delete provision.

4. DRIVER EDUCATION AID FOR LOW-INCOME PUPILS IN MPS [LFB Paper 645]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$100,000	-\$100,000	\$0

Governor: Provide \$100,000 in 2008-09 for a new categorical aid program to provide \$150 per pupil to Milwaukee Public Schools (MPS) for certain pupils enrolling in and successfully completing a driver education program offered by MPS and approved by DPI. Specify that pupils eligible for free or reduced-price lunch would qualify for the aid, and require MPS to reduce each such pupil's driver education fee by \$150 beginning in 2007-08. Beginning in 2008-09, DPI would pay MPS \$150 per eligible pupil qualifying in the prior year, up to the amount of the appropriation. The segregated revenue would be from the transportation fund. Sunset the appropriation on June 30, 2011. According to DPI, the MPS driver education fee was \$275 per student in 2006-07.

Joint Finance/Senate/Assembly: Delete provision.

5. AODA FUNDING REDUCTION [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$75,900	\$75,900	\$0

Governor: Reduce funding by -\$75,900 in 2007-08 from base level funding of \$1,518,600 for the categorical aid for alcohol and other drug abuse programs, which are supported by penalty assessment funding. The reduction is consistent with recommended decreases of 5% in 2007-08 to appropriations supported by penalty surcharge receipts [see "Administration -- Office of Justice Assistance"].

Joint Finance/Senate/Assembly: Delete provision, which would restore \$75,900 in 2007-08.

6. GRANT FROM SUPPLEMENTAL AID

Joint Finance/Senate/Assembly: Allocate \$30,000 in 2007-08 within the appropriation for

supplemental aid to provide a grant to the Butternut School District to study consolidation with the Glidden and Park Falls School Districts.

Choice and Charter

1. MILWAUKEE RESIDENTIAL CHARTER SCHOOL [LFB Paper 652]

Governor: Provide that the Common Council of the City of Milwaukee may establish or contract for the establishment of one residential charter school under the current law Milwaukee and Racine charter school program. If the City establishes such a school, require that the school may not accommodate more than 300 pupils, and the pupils would reside at the school for at least nine months each school year. Also, require that DPI would pay to the operator of the residential charter school an amount equal to twice the per pupil payment calculated under current law. Under the Governor's recommendations, it is estimated that the per pupil payment under the charter school program will be \$7,778 in 2007-08 and \$7,884 in 2008-09. Under this provision, the per pupil payments would be twice those amounts, or an estimated \$15,556 in 2007-08 and \$15,768 in 2008-09, if a residential charter school would be established.

Under current law, payments to these charter schools would be fully offset by a proportionate reduction in the general school aids of all school districts in the state. Under revenue limits, school districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance/Senate/Assembly: Delete provision.

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Adjust the base budget by \$847,000 GPR, \$1,815,100 FED, and \$488,900 PR annually for: (a) turnover reduction (-\$381,200 GPR and -\$371,200 FED annually); (b) removal of noncontinuing items (-\$250,000 GPR annually); (c) full funding of continuing salaries and fringe benefits (\$1,137,700 GPR, \$2,133,900 FED, and \$474,500 PR annually); (d) overtime (\$283,300 GPR, \$52,000 FED, and \$14,200 PR annually); and (e) night and weekend differential (\$57,200 GPR, \$400 FED, and \$200 PR annually).

GPR	\$1,694,000
FED	3,630,200
PR	977,800
Total	\$6,302,000

2. PROGRAM REVENUE REESTIMATES

PR	- \$6,100
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Governor/Joint Finance/Senate/Assembly: Reestimate PR expenditures by -\$75,700 in 2007-08 and \$69,600 in 2008-09, including: (a) personnel licensure, teacher supply, information, and analysis and teacher improvement (-\$211,500 in 2007-08 and -\$158,000 in 2008-09); (b) publications (-\$316,700 annually); (c) school lunch handling charges (-\$30,200 annually); (d) gifts, grants, and trust funds (\$400,000 annually); (e) general education development and high school graduation equivalency (-\$30,100 in 2007-08 and -\$25,100 in 2008-09); (f) funds transferred from other state agencies -- program operations (\$155,200 in 2007-08 and \$141,700 in 2008-09); (g) program for the deaf and center for the blind -- pupil transportation (\$60,000 in 2007-08 and \$153,500 in 2008-09); (h) program for the deaf and center for the blind -- leasing of space (\$6,500 in 2007-08 and \$8,300 in 2008-09); (i) program for the deaf and center for the blind -- services (\$15,000 in 2007-08 and \$20,000 in 2008-09); and (j) funds transferred from other state agencies -- local aids (-\$123,900 annually).

3. FEDERAL REVENUE REESTIMATES

FED	\$75,004,300
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Governor/Joint Finance/Senate/Assembly: Reestimate federal revenues by \$36,442,700 in 2007-08 and \$38,561,600 in 2008-09, including: (a) federal aids -- program operations (-\$1,592,200 in 2007-08 and -\$1,781,100 in 2008-09); (b) federal aids -- local aid (\$37,341,800 in 2007-08 and \$39,649,600 in 2008-09); (c) federal aids -- local assistance (\$41,900 annually); and (d) federal funds -- individuals and organizations (\$651,200 annually). Federal funds, including pass-through entitlements, discretionary grants, and administrative funding, are received by DPI under programs including Title I of the Elementary and Secondary Education Act ("No Child Left Behind"), the Individuals with Disabilities Education Act, and the National School Lunch Program. Annual base level federal revenue for these programs is \$604,754,200.

4. KNOWLEDGE AND CONCEPTS EXAM [LFB Paper 660]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$2,800,000	-\$2,800,000	\$0

Governor: Provide \$1,400,000 annually above annual base level funding of \$3,110,700 for pupil assessments to continue to contract for, and administer, the Wisconsin knowledge and concepts examinations.

Joint Finance/Senate/Assembly: Transfer \$1,400,000 annually to the Joint Finance Committee's appropriation. DPI may request the release of these funds under s. 13.10 of the statutes.

5. STATEWIDE DATA SYSTEMS

	Funding	Positions
PR	\$555,200	4.00

Governor/Joint Finance/Senate/Assembly: Provide \$241,600 in 2007-08 and \$313,600 in 2008-09 and 4.0 positions beginning in 2007-08 to support and maintain the Wisconsin student locator system, the individual student enrollment system, the school performance report, and the Wisconsin information network for school success. The PR positions would include 2.0 information systems development services specialists, who would replace contracted staff, and 2.0 information systems support technicians, who would replace 4.0 LTE staff. PR funding would be internal Department charge-backs to program budgets for information technology services.

6. PUBLIC LIBRARY SYSTEM AID [LFB Paper 661]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$0	-\$9,200,000	-\$9,200,000
SEG	<u>1,879,100</u>	<u>9,200,000</u>	<u>11,079,100</u>
Total	\$1,879,100	\$0	\$1,879,100

Governor: Provide \$616,800 SEG in 2007-08 and \$1,262,300 SEG in 2008-09 above base level funding of \$11,297,400 GPR and \$4,223,800 SEG to increase public library system aid, which would represent increases in total funding of 4% annually. The segregated revenue is from the universal service fund (USF), which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation to reduce GPR and increase SEG by \$9,200,000 in 2007-08 and direct the Public Service Commission to fund the SEG increase with unencumbered carryover balance funds from the USF. Total public library funding would equal \$2,097,400 GPR and \$14,040,600 SEG in 2007-08 and \$11,297,400 GPR and \$5,486,100 SEG in 2008-09.

7. LIBRARY SERVICE CONTRACTS [LFB Paper 662]

GPR	\$477,600
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Governor/Joint Finance/Senate/Assembly: Provide \$257,300 in 2007-08 and \$220,300 in 2008-09 above base level funding of \$876,900 for contracts with four providers of specialized statewide library services and resources. Contracts are currently maintained with the Milwaukee Public Library, Wisconsin Library Services, Wisconsin Regional Library for the Blind and Physically Handicapped, and the Cooperative Children's Book Center.

8. BADGERLINK

SEG	\$111,700
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Governor/Joint Finance/Senate/Assembly: Provide \$31,200 in 2007-08 and \$80,500 in 2008-09 above base level funding of \$2,030,500 for full-text database services for libraries. The

administration indicates that this funding would continue the current level of services. Funding for the program is provided through the segregated universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

9. NEWSLINE FOR THE BLIND

PR	-\$135,000
SEG	214,000
Total	\$79,000

Governor/Joint Finance/Senate/Assembly: Modify funding by \$106,000 SEG and -\$67,500 PR in 2007-08 and \$108,000 SEG and -\$67,500 PR in 2008-09 for the Newsline for the Blind services provided by the Regional Library for the Blind and Physically Handicapped. Provide that the current Badgerlink SEG appropriation from the universal service fund could also fund the Newsline for the Blind. The Newsline provides access to national and local newspapers and magazines for blind individuals, who use their home telephones to access servers by using a toll free number. The Newsline is currently funded by the state universal service fund, but funds are first transferred to a program revenue appropriation under DPI from the Public Service Commission.

10. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 663]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$339,600	\$290,600	\$630,200

Governor: Reestimate funding by \$75,600 in 2007-08 and \$264,000 in 2008-09 over annual base level funding of \$945,000 for grants to teachers who are certified by the National Board for Professional Teaching Standards. DPI provides initial grants in an amount equal to the cost of obtaining certification not supported through other sources, up to \$2,000. For nine consecutive years following the initial grant, DPI awards annual grants of \$2,500 to eligible teachers. DPI estimates there will be 70 newly-certified teachers in 2007-08 and 2008-09 receiving average first year grants of \$1,200. DPI estimates there will be 328 continuing teachers in 2007-08 and 398 in 2008-09, as well as 20 teachers in high poverty schools annually. Finally, due to recent IRS findings, DPI must pay Medicare and Social Security taxes on behalf of continuing teachers under this program. These payments are estimated to total \$66,600 in 2007-08 and \$80,000 in 2008-09.

Joint Finance/Senate/Assembly: Increase funding by \$145,300 in 2007-08 and \$145,300 in 2008-09 as a reestimate of costs under the current law program.

11. ELIGIBILITY FOR NATIONAL TEACHER CERTIFICATION GRANTS [LFB Paper 663]

Governor: Modify current law eligibility requirements for national teacher certification

grants so that the program would apply to persons who are employed in a position that requires a license issued by the State Superintendent or that would require such a license if the position were in a public school. This would expand the program to eligible persons who work as school administrators or in other licensed positions. Under current law, the person must be licensed and employed as a teacher.

Joint Finance/Senate/Assembly: Delete provision.

12. FUEL AND UTILITY REESTIMATE

GPR	\$162,100
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Governor/Joint Finance/Senate/Assembly: Provide \$68,300 in 2007-08 and \$93,800 in 2008-09 to reflect estimated costs for fuel and utilities at the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan and the Wisconsin Center for the Blind and Visually Impaired in Janesville. Annual base level funding is \$519,800.

13. DEBT SERVICE REESTIMATE [LFB Paper 175]

GPR	-\$194,900
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Governor/Joint Finance/Senate/Assembly: Reestimate debt service payments by -\$78,800 in 2007-08 and -\$116,100 in 2008-09. Annual base level funding is \$1,212,200.

14. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING -- RESIDENTIAL THERAPY SERVICES

GPR	\$71,600
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Governor/Joint Finance/Senate/Assembly: Provide \$38,300 in 2007-08 and \$33,300 in 2008-09 for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan. Funding would be used to provide an occupational therapy program during the evening hours within a residential dormitory at the school, in order to address the needs of students with emotional/behavioral disabilities. Of the total, funding would be provided for the following purposes: (a) equipment (\$5,000 in 2007-08); (b) specialized staff training (\$5,000 annually); (c) contracts with occupational therapists (\$23,300 annually); and (d) sign language interpreters (\$5,000 annually).

15. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING -- DISTANCE EDUCATION

GPR	\$47,500
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Governor/Joint Finance/Senate/Assembly: Provide \$17,500 in 2007-08 and \$30,000 in 2008-09 for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan. Funding would be provided for additional distance learning equipment. Of the total, \$5,000 would be provided for ongoing maintenance costs and the remainder would allow DPI to enter into a master lease agreement to purchase the equipment.

16. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Provide position authority for 10.0 GPR positions annually for power plant operators at the DPI-owned power plants at the residential schools in Delavan and Janesville, which will expire under current law on April 1, 2007. [See "Administration -- General Agency Provisions."]

Joint Finance/Senate/Assembly: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (10.0 GPR positions annually) will be reflected in the adjusted base position counts.

17. AODA FUNDING REDUCTION -- STATE OPERATIONS [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	-\$32,400	\$32,400	\$0

Governor: Reduce funding by -\$32,400 in 2007-08 from base level funding of \$589,500 for state operations of alcohol and other drug abuse programs, which are supported by penalty assessment funding. The reduction is consistent with recommended decreases of 5% in 2007-08 (after consideration of standard budget adjustments of \$57,800) to appropriations supported by penalty surcharge receipts [see "Administration -- Office of Justice Assistance"].

Joint Finance/Senate/Assembly: Delete provision, which would restore \$32,400 in 2007-08.

18. ELKS AND EASTER SEALS CENTER FOR RESPITE AND RECREATION

GPR	\$25,000
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Joint Finance/Senate/Assembly: Provide \$12,500 annually above base level funding of \$75,000 GPR for the Elks and Easter Seals respite center. Specify that this funding would be one-time.

19. REPEAL OBSOLETE APPROPRIATION

Governor/Joint Finance/Senate/Assembly: Delete the appropriation for grants to "project lead the way." Under current law, no moneys may be encumbered from this appropriation after June 30, 2007.

PUBLIC SERVICE COMMISSION

1. STANDARD BUDGET ADJUSTMENTS

FED	\$23,000
PR	<u>1,304,000</u>
Total	\$1,327,000

Governor/Joint Finance/Senate/Assembly: Provide standard budget adjustments totaling \$11,500 FED and \$652,000 PR annually.

Adjustments are for: (a) turnover reduction (-\$266,000 PR annually); (b) full funding of continuing salaries and fringe benefits (\$11,500 FED and \$918,000 PR annually); and (c) minor off-setting transfers within the same appropriation.

2. ADMINISTRATIVE COSTS OF ENERGY EFFICIENCY AND RENEWABLE RESOURCE PROGRAMS [LFB Paper 100]

	Funding	Positions
SEG	\$752,800	5.00

Governor/Joint Finance/Senate/Assembly: Provide \$376,400 and 5.0 positions annually and create an energy efficiency and renewable resource programs appropriation under the Public Service Commission (PSC) for the Commission's costs in administering energy efficiency and renewable resource programs. Specify that the Commission must collect from the vendor that operates energy efficiency and renewable resource programs for energy utilities amounts sufficient to cover these costs and must deposit these amounts into the utility public benefits fund for purposes of the new appropriation. Specify that, on the effective date of the bill, all incumbent employees that have responsibility for administering energy conservation and efficiency and renewable resource programs in the Department of Administration's (DOA) Division of Energy, as determined by the DOA Secretary, would be transferred to the Commission. Provide that the transferred employees would maintain their status and rights earned at DOA and that they would not have to undergo a probationary period under the Commission.

Under current law, effective July 1, 2007, the Commission must require energy utilities to spend 1.2% of their annual operating revenues to collectively establish and fund the following: (a) a statewide energy efficiency and renewable resource program, developed and administered by a vendor that is collectively agreed upon by the energy utilities; and (b) their own program for large commercial, industrial, institutional, or agricultural programs (if they chose to operate their own program for these customers). Also under current law, the Commission has the right to review this contract and must approve it before the vendor is accepted. Under the bill, the Commission's administrative costs would be funded from a portion of the 1.2% of annual operating revenues dedicated to energy efficiency and renewable resource programs.

3. REASSIGN COMMISSIONERS TO NEW EXECUTIVE SALARY GROUP LEVEL [LFB Paper 606]

Governor/Joint Finance/Senate/Assembly: Reassign the executive salary group (ESG) classification of the Public Service Commission chairperson and members from ESG 5 to ESG 6. Under current law, state agency executive positions are assigned to one of 10 executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. Currently, the annual salary range for ESG 5 is from \$76,726 to \$118,926. The range for ESG 6 is from \$82,864 to \$128,441. This provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

4. REPEAL THE LIMITATION ON COMMISSION-RELATED CONTRIBUTIONS TO THE UNIVERSAL SERVICE FUND [LFB Paper 670]

Governor: Repeal the \$6,000,000 annual limitation on the total amount of contributions to the universal service fund (USF) that the Public Service Commission may require from telecommunications providers to fund the Commission's related appropriation. The universal service fund was established to ensure that all state residents receive essential telecommunications services and have access to advanced telecommunications capabilities. The fund receives revenues from assessments imposed by the Commission on telecommunications providers. The fund supports 13 programs with annual appropriations totaling over \$30 million in 2005-07. The Commission administers eight of these programs, which have been funded from a single appropriation capped at \$5 million in 2003-04 and \$6 million in each year thereafter. While this provision would remove the contribution limitation, the Governor proposes to continue funding the Commission's appropriation at \$6.0 million in both 2007-08 and 2008-09.

Joint Finance/Senate/Assembly: Approve the recommendation and modify the current law provision authorizing a USF surcharge to permit all telecommunications providers subject to USF assessments to recover the assessments for all USF programs through a surcharge displayed on their customers' bills. Current law provisions permit USF assessments for non-PSC programs to be recovered as a surcharge displayed on customer bills, but this procedure is not extended to the USF assessment for the PSC programs. This provision would allow assessments for all programs to be recovered through a surcharge on bills.

5. REIMBURSEMENT OF OVERPAYMENTS TO THE UNIVERSAL SERVICE FUND

Joint Finance/Senate/Assembly: Require the Public Service Commission to reimburse a telecommunications provider for any overpayment of contributions to the universal service fund caused by a mistake by the telecommunications provider or the Commission, effective with overpayments made in 2005.

REGULATION AND LICENSING

1. STANDARD BUDGET ADJUSTMENTS

PR	\$1,352,200
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Governor/Joint Finance/Senate/Assembly: Provide standard budget adjustments totaling \$676,100 annually. Adjustments are for: (a) turnover reduction (-\$157,100 annually); and (b) full funding of continuing salaries and fringe benefits (\$833,200 annually).

2. COMPLIANCE MONITORING

	Funding	Positions
PR	\$300,800	2.00

Governor/Joint Finance/Senate/Assembly: Provide \$150,400 and 2.0 positions annually for the following: (a) \$105,200 annually for salary and fringe benefits for 2.0 continuing education monitoring positions; (b) \$2,400 annually for supplies and services for the continuing education monitors; and (c) \$42,800 annually for contracted information technology services for development of web based continuing education records. Compliance monitors verify that individuals have completed continuing education courses for occupations and businesses that have such a requirement. Currently, 30 professions have a continuing education requirement.

3. EXAMINATION OVERSIGHT

PR	\$18,600
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Governor/Joint Finance/Senate/Assembly: Provide \$9,300 annually for proctors of R&L's credential examinations and for practical exam subjects (persons on whom exam takers would demonstrate their proficiency) that participate in board level exams.

4. NURSE MIDWIFE LICENSES

GPR-REV	-\$1,000
PR-REV	-\$8,700

Joint Finance/Senate/Assembly: Specify that a person who is eligible to renew their nurse-midwife license and pays the renewal fee [currently \$70 each biennium] would also receive their registered nurse license. Reestimate agency revenues by -\$1,000 GPR-earned and -\$8,700 PR-REV related to loss of revenue from nurse licenses fees for nurse-midwives.

Under current law, a nurse-midwife applicant must be licensed as a registered nurse in order to obtain a nurse-midwife license and the person must pay the renewal fee for each profession in March 1, of even-numbered years.

REVENUE

Tax Administration

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide adjustments of \$549,600 PR and \$280,700 SEG in 2007-08, and \$553,900 PR and \$283,400 SEG in 2008-09, and \$4,064,000 GPR annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$1,322,000 GPR and -\$124,100 SEG annually); (b) full funding of salaries and fringe benefits (\$5,383,300 GPR, \$521,300 PR, and \$401,900 SEG annually); (c) reclassifications (\$28,200 PR and \$2,900 SEG in 2007-08, and \$32,500 PR and \$5,600 SEG in 2008-09); (d) full funding of lease costs and directed moves (\$2,700 GPR and \$100 PR annually); and (e) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$4,894,300 in 2007-08, and by \$4,901,300 in 2008-09.

GPR	\$8,128,000
PR	1,103,500
SEG	564,100
Total	\$9,795,600

2. IN-HOUSE DELINQUENT TAX COLLECTION PILOT PROJECT [LFB Paper 687]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$12,200,000		-\$1,500,000		\$10,700,000	
PR	\$1,205,900	7.00	-\$108,100	0.00	\$1,097,800	7.00

Governor: Create a delinquent tax collection pilot project under which responsibility for collection actions against certain targeted delinquent tax accounts would be transferred from private collection agencies to DOR Compliance Division staff. The project would include: (a) reassigning 3.0 existing revenue agent positions from working as collection agency liaisons to direct collection activities for accounts normally assigned to collection agencies; and (b) providing expenditure authority of \$613,800 PR in 2007-08 and \$592,100 PR in 2008-09 and 7.0 PR revenue agent project positions annually to work on delinquent accounts. An annual PR appropriation would be created to fund the 7.0 revenue agent positions and related expenses, with additional collections from the targeted delinquent accounts as the source of program revenue. The administration estimates that the pilot project would generate \$12,000,000 annually in delinquent collections. This would be offset by an annual reduction of an estimated \$5,300,000 in delinquent taxes that would otherwise be generated by private collection agencies, and approximately \$600,000 in annual expenses for the new positions and related activities. Consequently, it is estimated that the pilot project would increase revenues by \$6,100,000 annually. These revenues would be counted as GPR-Earned.

Under current law, DOR is authorized to contract with private collection agencies to take actions against delinquent accounts. Annual base level expenditure authority of \$354,200 PR is provided in the appropriation for collections under contract. The source of program revenue is additional revenues generated from collection agency activities.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation to reduce expenditure authority by \$108,100 in 2007-08 to provide nine-months of first-year funding for the new revenue agents. Reestimate additional delinquent tax collections to be \$4,600,000 in 2007-08, instead of \$6,100,000.

3. TECHNICAL CORRECTION TO BASE BUDGET FUNDING AND POSITIONS [LFB Paper 685]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$120,800	-1.00	\$0	5.00	-\$120,800	4.00
SEG	<u>-106,000</u>	<u>-0.95</u>	<u>0</u>	<u>0.00</u>	<u>-106,000</u>	<u>-0.95</u>
Total	-\$226,800	-1.95	\$0	5.00	-\$226,800	3.05

Governor: Delete \$60,400 GPR, \$53,000 SEG, 1.0 GPR position, and 0.95 SEG position annually to reflect actual base level funding and positions. During the 2005-07 biennium the Department transferred positions between programs within the same funding source. In compiling budget documents to establish the base budget funding and position level for the 2007-09 budget, several reciprocal transactions for position transfers were not included. This provision includes the reciprocal transactions to accurately reflect the Department's 2007-09 base funding and position level.

Joint Finance/Senate/Assembly: Modify provisions to include 5.0 GPR positions annually to reflect a technical correction to the budget bill. This provision is offset by an equal reduction in positions under minor transfers between appropriations [Item #6]

4. MINOR TRANSFERS BETWEEN APPROPRIATIONS [LFB Paper 685]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$15,600	5.00	\$0	-5.00	-\$15,600	0.00
PR	<u>15,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>15,600</u>	<u>0.00</u>
Total	\$0	5.00	\$0	-5.00	\$0	0.00

Governor: Provide \$7,800 PR and delete \$7,800 GPR annually to shift funding for rent expenses for alcohol and tobacco agents to the proper funding source. The 2005-07 biennial budget converted the funding source for 8.0 alcohol and tobacco agents from GPR to PR. However, funding for rental expenses was not transferred. In addition, GPR funding and

positions would be transferred between appropriations to reflect position transfers between divisions. In compiling the budget in the accounting system, an offsetting entry for some of the position transfers was omitted. As a result, 5.0 GPR positions were inadvertently created.

Joint Finance/Senate/Assembly: Modify provision to delete 5.0 GPR positions annually to reflect a technical correction to the budget bill. This provision is offset by an equal increase in positions under technical correction to base budget funding and positions [Item #5].

5. TAX ADMINISTRATION -- TRIBAL OBLIGATION REFUND OFFSET [LFB Paper 351]

Governor: Authorize DOR to enter into agreements with federally-recognized Indian tribes in Wisconsin to offset state tax refunds against tribal obligations and to charge a fee up to \$25 for each transaction for such setoffs. Any legal proceeding to contest a setoff could only commence under a process established by the tribe. This provision is estimated to have a minimal fiscal effect.

Under current law, DOR is authorized to offset against state tax refunds amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal fines, fees, and forfeitures. The Department is allowed to enter into an agreement with the Internal Revenue Service (IRS) to offset state tax refunds against federal tax obligations, if the IRS offsets federal tax refunds against state tax obligations. A fee of up to \$25 for each such transaction can be charged. Similarly, DOR can enter into agreements with other states to offset state tax refunds against the tax obligations of those states, if those states offset their tax refunds against Wisconsin tax obligations. In general, costs of the offset activities are funded by an administrative charge imposed on state agencies and governmental units.

Joint Finance/Senate/Assembly: Modify provision to clarify that fees charged to administer the program will be assessed against the debtor, and that debts owed to state agencies, local governments, and the IRS will receive setoff funds before tribes.

6. DEPOSIT OF ADDITIONAL TAXES DURING PETITIONS AND APPEALS

Governor/Joint Finance/Senate/Assembly: Provide that, at any time while a petition is pending before the Tax Appeals Commission (TAC) or a court appeal is pending, a taxpayer may deposit the entire amount of additional taxes, penalties and fines, with interest, with DOR rather than DOA. The Department would refund to the taxpayer any portion of these amounts found to be improperly assessed, including interest.

Under current law, during TAC petitions or court appeals, the taxpayer can deposit the additional taxes and interest with the Secretary of Administration. If a taxpayer offers to make a deposit, DOR is required to issue a certificate to DOA authorizing the Secretary to accept the payment of taxes, with interest to the first day of the next month, and to provide a receipt for the payment. A copy of the certificate must be mailed to the taxpayer who is required to pay the taxes and interest to the Secretary of Administration within 30 days. Upon final determination

of a petition or appeal, DOR is required to certify to the Secretary of Administration the amount of taxes due as finally determined, and direct the Secretary of DOA to refund to the taxpayer any portion of the tax payment that is found to be improperly assessed, with interest. The Secretary of Administration is required to make such refunds within 30 days after receiving a certificate directing the refund. Taxes paid to the Secretary of DOA under these provisions are subject to the interest required under state income tax law, but only to the extent of the interest accrued on the taxes prior to the first day of the month following the application for a hearing. Any portion of the amount deposited with the Secretary of Administration that is refunded to the taxpayer bears interest at the rate of 9% per year during the time the tax payments are on deposit at DOA.

7. REPEAL LOTTERY AND GAMING CREDIT ADMINISTRATION GPR APPROPRIATION

Governor/Joint Finance/Senate/Assembly: Repeal the lottery and gaming property tax credit administration GPR appropriation. Administration of the lottery and gaming property tax credit is funded with SEG lottery fund revenues through a separate SEG appropriation

8. RENUMBER TAX INCREMENTAL FINANCING APPROPRIATION

Governor/Joint Finance/Senate/Assembly: Renumber the administration of tax incremental financing program appropriation to place it under the proper program, State and Local Finance, in the Department's appropriation schedule. The program revenue appropriation funds the Department's expenses incurred in administering the tax incremental financing appropriation. The appropriation is funded by fees charged to municipalities for determinations or redeterminations of the tax increment and tax incremental base.

9. INCOME TAX CHECK-OFFS SIMPLIFICATION

Governor/Joint Finance/Senate/Assembly: Specify that the symbols for individual income tax check-offs for voluntary payments for endangered resources and Lambeau Field be highlighted on forms printed by DOR. In addition, the title of the administrative appropriation for all income tax check-offs would be simplified.

Under current law, Wisconsin taxpayers may designate (check-off) tax return donations for the following purposes: (a) endangered resources; (b) Lambeau Field; (c) breast cancer research; (d) veterans trust fund; (e) multiple sclerosis programs; and (f) prostate cancer research. The donation either reduces the taxpayer's refund or increases the tax due by the amount of designation. Administrative funding is provided through a program revenue appropriation reimbursed from amounts designated. The statutory appropriation includes all of the specific designations in its title. Statutory provisions also require the symbols for endangered resources and Lambeau Field to be highlighted on all income tax returns. As a result, this requirement applies to returns that are prepared using software provided by third-

party vendors that cannot reproduce the symbols. DOR has been allowing a waiver of this requirement at the written request of the software developer.

10. COUNTY SALES TAX APPROPRIATION LAPSE [LFB Paper 689]

GPR-REV - \$359,600

Joint Finance/Senate/Assembly: Reestimate the lapse to the general fund from the Department's county sales tax administration appropriation to be \$1,603,500 in 2007-08, and \$1,656,900 in 2008-09. This is a decrease of \$104,700 in 2007-08 and \$254,900 in 2008-09 from the estimated lapses included in the bill.

Wisconsin counties may adopt a 0.5% sales tax imposed on the same goods and services that are subject to the state sales tax. The tax is "piggybacked" onto the state sales tax in that the county rate is added to the state rate, and the county sales tax is administered, enforced, and collected by the state. Currently, 60 counties have adopted a county sales tax.

The Department retains 1.75% of total county sales tax collections to fund the costs of administering the county sales tax. The administrative funds are placed in a program revenue county sales tax administration appropriation, and the year-end unencumbered balance in the appropriation lapses to the general fund.

Lottery Administration

1. LOTTERY SALES PROJECTIONS [LFB Papers 695 and 697]

Governor: Project lottery sales of \$504,690,200 in 2007-08 and \$518,990,200 in 2008-09. Projected lottery sales provide the basis for estimating the lottery property tax credit in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The following table shows these projections, as well as 2005-06 actual lottery sales and 2006-07 estimated sales projected in October, 2006, for the purposes of certifying the amount available for the 2006(07) lottery property tax credit. The Governor's 2007-09 projected sales are based on sales models utilized by DOR to estimate both on-line and instant ticket games and reflect increased funding for lottery advertising and a new instant ticket inventory system provided under the bill.

Lottery Sales Projections
(\$ in Millions)

<u>Game Type</u>	<u>Actual 2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>Percent Change from 2006-07</u>	<u>2008-09</u>	<u>Percent Change from 2007-08</u>
Scratch	\$280.3	\$277.8	\$277.8	0.0%	\$292.1	5.1%
Pull-tab	5.3	5.3	5.3	0.0	5.3	0.0
On-line	<u>223.3</u>	<u>206.6</u>	<u>221.6</u>	7.3	<u>221.6</u>	0.0
Total	\$508.9	\$489.7	\$504.7	3.1%	\$519.0	2.8%

Joint Finance/Senate/Assembly: Reestimate scratch ticket sales to \$284.3 million in 2007-08 and \$291.5 million in 2008-09 and on-line ticket sales to \$215.1 million annually. As a result of these reestimates, total lottery sales in 2007-08 are projected at \$504.7 million and in 2008-09 at \$511.9 million.

Sales estimates under the bill include a projected sales increase of \$15.0 million associated with the proposed initiatives for additional advertising. Under SB 40, the entire \$15.0 million in sales relating to the advertising initiative was attributed to increased on-line sales. However, increased advertising would affect both scratch and on-line ticket sales. Lottery sales estimates were modified, by increasing the sales estimate for scratch ticket games by \$6.5 million annually, and reducing the on-line ticket game estimate by \$6.5 million. As a result of this action, the projected on-line sales increase relating to new advertising would total \$8.5 million annually.

Under the bill, a new instant ticket inventory system would result in a projected sales increase in scratch ticket games of \$14.3 million in 2008-09. The scratch sales estimate is reduced by \$7.1 million in 2008-09 to reflect the delay of the implementation of the planned instant ticket lottery inventory system.

The following table compares the Joint Finance sales estimates to those of SB 40.

Comparison of Sales Estimates
Governor/Joint Finance
(\$ in Millions)

	<u>2007-08</u>				<u>2008-09</u>			
	<u>Governor</u>	<u>Joint Finance</u>	<u>Change</u>		<u>Governor</u>	<u>Joint Finance</u>	<u>Change</u>	
			<u>Difference</u>	<u>Percent</u>			<u>Difference</u>	<u>Percent</u>
Scratch Games	\$277.8	\$284.3	\$6.5	2.3%	\$292.1	\$291.5	-\$0.6	-0.2%
Pull-Tab Games	5.3	5.3	0.0	0.0	5.3	5.3	0.0	0.0
On-Line Games	<u>221.6</u>	<u>215.1</u>	<u>-6.5</u>	-2.9	<u>221.6</u>	<u>215.1</u>	<u>-6.5</u>	-2.9
Total	\$504.7	\$504.7	\$0.0	0.0%	\$519.0	\$511.9	-\$7.1	-1.4%

2. LOTTERY PRODUCT INFORMATION FUNDING [LFB Paper 696]

SEG	\$5,800,000
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Governor/Joint Finance/Senate/Assembly: Provide \$2,900,000 annually for the lottery's product information (advertising) budget. Base funding for lottery general program operations is \$19,026,100. Of this amount, \$4,608,000 is allocated for the lottery's advertising budget. According to the Executive Budget Book, the funding increase for advertising is expected to produce an additional \$15,000,000 in annual lottery sales.

3. SUM SUFFICIENT APPROPRIATION REESTIMATES FOR RETAILER COMPENSATION AND VENDOR FEES [LFB Papers 695 and 697]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$4,699,400	-\$1,411,300	\$3,288,100

Governor: Provide \$1,649,700 in 2007-08 and \$3,049,700 in 2008-09 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide \$1,192,500 in 2007-08 and \$2,229,200 in 2008-09 to adjust base level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2007-09 biennium.

Basic retailer compensation rates under current law are 5.5% for online ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at \$5.0 million in 2007-08 and \$5.2 million in 2008-09, under the bill). Base level funding of \$34,588,200, established under 2005 Wisconsin Act 25, was based on estimated lottery sales of \$490.4 million in 2006-07. The appropriations for retailer compensation under the bill total approximately 7% of projected sales (\$504.7 million annually in 2007-08 and \$519.0 million in 2008-09).

Vendor Fees. Provide \$457,200 in 2007-08 and \$820,500 in 2008-09 to adjust funding for vendor fees to reflect projected lottery sales in the 2007-09 biennium. Base level funding for vendor fees is \$12,471,000.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both on-line and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales and some minor fixed costs. Under the bill, vendor fees would total 2.56% of lottery ticket sales in both 2007-08 and 2008-09.

Joint Finance/Senate/Assembly: Delete \$358,100 in 2007-08 and \$1,053,200 in 2008-09 for lottery sum sufficient appropriations for retailer compensation and vendor fees, to reflect the lottery sales reestimates described in Item #1. The modifications are as follows:

Retailer Compensation. Delete \$249,000 in 2007-08 and \$763,700 in 2008-09 for retailer compensation payments.

Vendor Fees. Delete \$109,100 in 2007-08 and \$289,500 in 2008-09 for vendor fee payments.

4. **CONVERSION OF THE LOTTERY INSTANT TICKET INVENTORY SYSTEM** [LFB Paper 697]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$31,800	- 4.50	- \$31,800	4.50	\$0	0.00

Governor: Provide \$243,800 and delete 2.25 positions in 2007-08 and delete \$212,000 and 4.5 positions in 2008-09 to institute a new method of instant ticket inventory management for the state lottery. The lottery instant ticket inventory management process would be changed by shifting responsibility from retailers and the current telemarketing or terminal ordering system to the Division of Lottery by means of a "push distribution system." Under the new system, the Division of Lottery would have greater control of the instant ticket inventories of lottery retailers with the intent of ensuring the consistent availability of the best selling games. The Governor's provision would: (a) delete \$106,200 and 2.25 positions in 2007-08, and \$212,000 and 4.5 positions in 2008-09; and (b) provide one-time funding of \$350,000 in 2007-08 for implementation of the new system. According to the Executive Budget Book, the conversion of the instant ticket inventory management system is expected to generate \$14,300,000 in additional lottery revenue in 2008-09.

Joint Finance/Senate/Assembly: Delete the Governor's provision. Instead, place \$235,000 SEG in one-time funding in 2008-09 in the Joint Committee on Finance SEG appropriation for general program supplementation for the development of the instant ticket inventory management system. Require the Department to develop a detailed implementation and cost plan for an instant ticket retailer inventory system, including proposed administrative rules (or a summary of completed rules, if already promulgated) relating to retailer billing procedures. Require that the plan be submitted to the Joint Committee on Finance, on or before January 31, 2008, under a 14-day passive review process. Provide that the \$235,000 SEG for the development of the instant ticket retailer inventory system be released for expenditure upon approval of the implementation and cost plan by the Joint Committee on Finance.

Place \$212,000 SEG in base funding associated with 4.5 SEG retailer support positions in unallotted reserve. Provide that the \$212,000 in position-related funding be released for expenditure, if the instant ticket retailer inventory system is not implemented in 2008-09.

If the instant ticket retailer inventory system is implemented, require that: (a) \$212,000 SEG in unallotted reserve lapse to the lottery fund on June 30, 2009; and (b) \$212,000 SEG and 4.5 SEG positions be deleted under the standard budget adjustment for removing noncontinuing elements from the base in the 2009-11 budget process.

Reestimate the scratch ticket sales increase relating to the inventory system at \$7.2 million in 2008-09, \$7.1 million less than the estimate under the bill, to reflect the implementation delay.

5. WITHHOLDING CERTAIN ADMINISTRATIVE COSTS FROM LOTTERY PRIZES

Governor/Joint Finance/Senate/Assembly: Require DOR to charge the winner or assignee of a lottery prize greater than \$1,000 for the Department's administrative expenses associated with withholding and remitting debt owed to a state agency and authorize DOR to withhold the amount of the administrative expenses from the prize payment. The provision would take effect on the first day of the 3rd month beginning after publication. Under current law, DOR withholds money from lottery prizes of \$1,000 or more to pay certain debts owed by the prize payee, including amounts owed for delinquent state taxes, court-ordered payment of child support, and debts to state agencies. DOR charges state agencies for DOR's administrative expenses associated with withholding money from a lottery prize and paying it to the state agency. The provision would require DOR to charge the lottery prize payee rather than the state agency for DOR's administrative expenses and would authorize DOR to withhold the amount of the administrative expenses from the prize payment.

6. LOTTERY FUND CONDITION STATEMENT [LFB Papers 695 and 697]

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amounts appropriated for the farmland tax relief credit and lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The bill would appropriate \$125,746,700 in 2007-08 and \$125,421,200 in 2008-09 for the lottery and gaming tax credit. However, the revenues and expenditures budgeted under the bill would support credits of \$127,265,400 in 2007-08 and \$131,073,300 in 2008-09.

Joint Finance/Senate/Assembly: Reestimate the lottery and gaming tax credit amounts to \$127,799,400 in 2007-08 and \$130,346,900 in 2008-09. These amounts are \$534,000 higher in 2007-08 and \$726,400 lower in 2008-09 than the amounts supported under the bill.

These modifications are based on lottery sales reestimates, sum sufficient reestimates for retailer compensation and vendor fees, and changes to the expenditure authority for general program operations. In addition, modifications are made to lottery program reserves and gaming-related revenue. The modified amounts for each of these revenue and expenditure categories are shown in the following fund condition statement.

Lottery Fund Condition Statement **Joint Finance**

	<u>2007-08</u>	<u>2008-09</u>
Fiscal Year Opening Balance	\$9,796,700	\$10,095,700
Operating Revenues		
Ticket Sales	\$504,690,200	\$511,890,200
Retailer Fees and Miscellaneous	<u>96,600</u>	<u>96,600</u>
Gross Revenues	\$504,786,800	\$511,986,800
Expenditures		
Prizes	\$293,145,200	\$297,798,500
Retailer Compensation	35,531,700	36,053,700
Vendor Payments	12,819,100	13,002,000
General Program Operations	22,074,700	22,074,700
Appropriation for JFC Supplementation	0	235,000
Appropriation to DOJ	348,000	348,000
Appropriation to DOR	282,600	282,600
Program Reserves	<u>248,000</u>	<u>462,300</u>
Total Expenditures	\$364,449,300	\$370,256,800
Net Proceeds	\$140,337,500	\$141,730,000
Interest Earnings	\$3,668,500	\$3,668,500
Gaming-Related Revenue	\$333,100	\$333,100
Total Available for Tax Relief *	\$154,135,800	\$155,827,300
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	\$128,799,400	\$130,346,900
Farmland Tax Relief Credit	15,000,000	15,000,000
Lottery and Gaming Credit: Late Applications	<u>240,700</u>	<u>240,700</u>
Total Appropriations for Tax Relief	\$144,040,100	\$145,587,600
Gross Closing Balance	\$10,095,700	\$10,239,700
Reserve (2% of Gross Revenues)	\$10,095,700	\$10,239,700
Net Closing Balance	\$0	\$0

* Opening balance, net proceeds, interest earnings and gaming-related revenue.

SECRETARY OF STATE

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	-\$121,200	- 1.00

Governor/Joint Finance/Senate/Assembly: Provide adjustments of -\$60,600 and -1.0 position annually. Adjustments are for: (a) removal of noncontinuing items (-\$79,200 and -1.0 position annually); (b) full funding of salaries and fringe benefits (\$12,300 annually); (c) reclassifications (\$1,900 annually); and (d) overtime (\$4,400 annually).

2. INFORMATION TECHNOLOGY INFRASTRUCTURE TO SUPPORT BUSINESS OPERATIONS

PR	\$27,000
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Governor/Joint Finance/Senate/Assembly: Provide annual expenditure authority of \$13,500 to fund maintenance, website hosting, staff support, and equipment and system upgrades for the Office's information technology systems.

3. ONGOING RECORDS PRESERVATION PROCESSING

PR	\$25,600
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Governor/Joint Finance/Senate/Assembly: Provide expenditure authority of \$12,800 annually to fund an LTE and related expenses for ongoing historic records preservation filing and maintenance. Ongoing activities include preparing documents, packing documents for shipping, entering data, checking images, filing and archiving records, and systems maintenance and upgrading. On June 30, 2007, the Office expects to complete a records preservation project through which about 700,000 documents from the 1800s to the present will have been digitalized and compiled into an electronic database accessible through a website to Office staff and the public. A project position that provided staff support will be eliminated on that date. (This is reflected in standard budget adjustments.) This provision provides LTE funding for ongoing staffing.

4. GPR-EARNED REESTIMATE [LFB Paper 700]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-REV	\$2,700	-\$55,700	-\$53,000

Joint Finance/Senate/Assembly: Reestimate the lapse to the general fund from the Office's program fees appropriation to be \$113,400 in 2007-08 and \$89,700 in 2008-09. This would represent a decrease of \$27,900 in 2007-08 and \$27,800 in 2008-09 from the estimated

lapses included in the bill. The Office is funded by fees for services that are placed in the program fees, program revenue appropriation. Any year-end unencumbered balance in excess of 10% of the prior year's expenditures lapses to the general fund.

SHARED REVENUE AND TAX RELIEF

Direct Aid Payments

1. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATES [LFB Paper 707]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$722,400	\$1,262,400	\$1,984,800

Governor: Decrease estimated payments by \$90,000 in 2007-08 and increase estimated payments by \$125,000 in 2008-09 under the public utility aid component of the shared revenue program to reflect estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formulas. Estimate total payments under these formulas at \$31,910,000 in 2007-08 and \$32,125,000 in 2008-09. Decrease estimated payments by \$157,600 in 2007-08 and increase estimated payments by \$845,000 in 2008-09 under the public utility distribution account to reflect changes in the number and types of property eligible for aid under the capacity-based distribution formula. Estimate total payments under this formula at \$6,242,400 in 2007-08 and \$7,245,000 in 2008-09. A separate item summarized in this section would modify the funding source for county payments under the utility aid formulas.

Joint Finance/Senate/Assembly: Decrease utility aid payments by \$1,002,600 in 2008-09 from the public utility distribution account to reflect payments under the capacity-based aid and incentive aid allocations. Increase utility aid payments from the shared revenue account by \$990,000 in 2007-08 and \$1,275,000 in 2008-09 to reflect estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formulas. Total aid payments are estimated at \$6,242,400 annually under the capacity aid distribution and at \$32,900,000 in 2007-08 and \$33,400,000 in 2008-09 under the three and six mill distribution formulas.

2. MUNICIPAL LEVY RESTRAINT PROGRAM [LFB Paper 709]

Governor: Create a municipal levy restraint program and create two sum sufficient appropriations to make state aid payments to eligible municipalities. Set the distribution level for the municipal levy restraint payment account appropriation at \$58,145,700 annually, beginning in 2009. Set the distribution level for the municipal levy restraint bonus payment account appropriation at \$5,000,000 annually, beginning in 2009. Require the payments for each year's distribution to be made on the fourth Monday in July.

Provide payments from the two appropriations to municipalities if in the year that is two years before the aid payment, the municipality has both a municipal tax rate that is greater than five mills and has a municipal tax levy that is no greater than the municipality's maximum allowable levy, as defined under this program. (The proposed language relative to the second condition should be clarified to achieve this intent.)

Define municipal tax levy, for purposes of determining eligibility and computing aid payments, as the total taxes levied, other than tax incremental levies for county environmental and municipal tax incremental financing districts, for each town, village, or city, as reported on the statement of taxes filed with the Department of Revenue (DOR). Provide that a municipality's tax levy be adjusted based on the following conditions: (a) if a municipality transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the municipality's tax levy for the preceding year would be decreased to reflect the amount that the municipality levied to provide the service; and (b) if a municipality increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit that provided the service in any year, the municipality's tax levy for the preceding year would be increased to reflect the cost of providing that service. Define municipal tax rate as the municipality's tax levy divided by its taxable value. Define taxable value as the municipality's equalized value, as determined under current law, excluding the tax increments in any tax incremental financing districts (the intent was to refer to value increments).

Define maximum allowable levy as the municipality's tax levy in the year two years before the aid payment, increased by a percentage equal to 85% of the sum of two percentages, based on inflation and value growth, rounded to the nearest 0.01%.

Define the inflation factor as a percentage equal to the average, annual percentage change in the consumer price index for all urban consumers, U. S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on June 30 of the year that is two years before the year of the aid payment. Define the valuation factor as a percentage equal to 60% of the percentage change in the municipality's equalized value due to new construction, less improvements removed, between the year two years before the year of the payment and the previous year, but not less than 0% nor greater than 2%.

Specify that the maximum allowable levy does not apply to amounts levied for the payment of any general obligation debt service, secured by the full faith and credit of the municipality, including debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums. Provide that if the county and municipal aid payment to a municipality is less than in the previous year, the municipality's maximum allowable levy would be increased to reflect the reduction.

Calculate each eligible municipality's payment from the municipal levy restraint payment account appropriation by: (a) subtracting five mills from the municipality's tax rate; (b) multiplying that amount by the municipality's taxable value; (c) dividing that amount by the

sum of all such amounts for all eligible municipalities; and (d) multiplying the resulting percentage by \$58,145,700.

Calculate each eligible municipality's payment from the municipal levy restraint bonus payment account appropriation by: (a) subtracting the municipality's tax levy from its maximum allowable levy; (b) dividing that amount by the sum of all such amounts for all eligible municipalities; and (c) multiplying the resulting percentage by \$10,000,000. (This amount should be changed to \$5,000,000 to agree with another provision in the bill and with the Governor's Executive Budget Book.)

Direct DOR to administer the program by calculating payments, by notifying eligible municipalities of their estimated payment amounts in the year preceding the aid payment, by certifying to the Joint Committee on Finance the appropriate percentage change in the consumer price index that is to be used to determine the inflation factor on August 1 of each year, and by making adjustments to levies to reflect service transfers.

Because this program's first aid payments would occur in July, 2009, which is in the 2009-11 biennium, the proposal would have no direct fiscal effect in the 2007-09 biennium. However, by limiting municipal property tax increases in 2007(08) and 2008(09), the 2007-09 funding levels for the computer aid, homestead tax credit, farmland preservation credit, and property tax/rent credit programs would be indirectly affected, although these impacts are not reflected under the bill.

Joint Finance/Senate/Assembly: Delete provision.

3. SUNSET EXPENDITURE RESTRAINT PROGRAM [LFB Paper 709]

Governor: Sunset payments under the expenditure restraint program after 2008 and prohibit any moneys from being encumbered or expended from the program's appropriation after December 31, 2008. Because this provision would first affect payments in July, 2009, which would occur in the 2009-11 biennium, no fiscal effect is reported.

Joint Finance/Senate/Assembly: Delete provision.

4. INTEREST PAYMENTS ON OVERASSESSMENTS OF MANUFACTURING PROPERTY

GPR	\$20,000
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Governor/Joint Finance/Senate/Assembly: Estimate payments of \$10,000 annually for interest on tax refunds related to the overassessment of manufacturing property. These amounts represent the initial payments authorized under 2005 Wisconsin Act 405. The Act requires the Department of Administration to refund to municipalities an amount equal to 20% of their payments in the previous fiscal year of interest on tax refunds resulting from reduced valuations ordered by the Tax Appeals Commission or the Department of Revenue's Board of Assessors.

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT -- CURRENT LAW FUNDING

GPR	\$247,490,000
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Governor/Joint Finance/Senate/Assembly: Increase funding by \$123,745,000 annually to reflect the distribution amount specified under current law. The distribution for the school levy tax credit was increased from \$469,305,000 annually to \$593,050,000 annually, beginning in 2007, by 2005 Wisconsin Act 25. The increased amount was reflected on property tax bills issued in December, 2006, payable in 2007. The distribution of tax credits from the state, on behalf of property owners, to municipalities occurs annually on the fourth Monday in July.

2. LOTTERY AND GAMING CREDIT [LFB Papers 695 and 697]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$3,500,700	\$7,978,400	\$11,479,100

Governor: Increase funding by \$1,913,100 in 2007-08 and \$1,587,600 in 2008-09 for the sum sufficient appropriation to reflect estimates of the amount of net lottery and gaming proceeds available for distribution. As a result, tax credit distributions are estimated at \$125,746,700 in 2007-08 and \$125,421,200 in 2008-09.

Joint Finance/Senate/Assembly: Increase funding by \$3,052,700 in 2007-08 and \$4,925,700 in 2008-09 for the lottery and gaming credit sum sufficient appropriation to estimate total tax credit distributions at \$128,799,400 in 2007-08 and \$130,346,900 in 2008-09.

3. LOTTERY AND GAMING CREDITS -- LATE APPLICATIONS [LFB Paper 695]

SEG	\$81,400
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Governor/Joint Finance/Senate/Assembly: Increase funding by \$40,700 annually for the sum sufficient appropriation to reflect estimates of the amount of credits to be paid to persons who apply for the credit after tax bills have been issued. As a result, tax credit distributions for late applications are estimated at \$240,700 annually.

STATE FAIR PARK

1. STANDARD BUDGET ADJUSTMENTS

PR	\$771,800
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Governor/Joint Finance/Senate/Assembly: Provide adjustments to the base budget for: (a) full funding of salaries and fringe benefits (\$270,100 annually); (b) overtime (\$115,200 annually); and (c) night and weekend pay differential (\$600 annually).

2. LTE WAGE INCREASES

PR	\$612,100
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Governor/Joint Finance/Senate/Assembly: Provide \$252,200 in 2007-08 and \$359,900 in 2008-09 for limited-term employee (LTE) costs mostly during the annual State Fair.

3. SUPPLIES AND SERVICES COSTS INCREASE

PR	\$508,800
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Governor/Joint Finance/Senate/Assembly: Provide \$184,100 in 2007-08 and \$324,700 in 2008-09 for supplies and services primarily related to the Park's agricultural programs.

4. HEAD OF POLICE

	Positions
PR	1.00

Governor/Joint Finance/Senate/Assembly: Provide 1.0 position to serve as head of police operations at State Fair Park.

Currently, a memorandum of understanding (MOU) between the State Fair Park and the Department of Administration (DOA) specifies that Capitol Police oversee State Fair Park in exchange for payment from the Park. However, the Department of Administration (DOA) terminated the MOU effective July 1, 2007. Beginning on July 1, 2007, State Fair Park will contract for officers on its own. The recommended position would serve as a coordinator for all police services provided at the Park. Associated annual costs of \$87,500 are shifted from the contract allocation to salary and fringe benefits.

5. DEBT SERVICE ESTIMATES

GPR	\$25,500
PR	<u>79,500</u>
Total	\$105,000

Governor/Joint Finance/Senate/Assembly: Provide \$28,400 GPR and delete \$39,200 PR in 2007-08 and delete \$2,900 GPR and provide \$118,700 PR in 2008-09 to reflect estimated principal and interest payments on bonds. GPR debt service is primarily associated with the construction of a youth housing facility, agricultural buildings and a portion of certain infrastructure improvements and the purchase of land. Program revenue debt service, paid for by park revenue, is associated with the construction or

renovation of numerous other park facilities including the grandstand, Pettit National Ice Center, and the racetrack.

In January, 2007, the state sold the Pettit National Ice Center and surrounding property to the nonprofit Pettit National Ice Center, Inc., (the corporation that operated the ice center while it was under state ownership). Revenues from this sale are kept in a bond redemption fund and used to make the scheduled debt service payments for the bonds used to build the ice center.

6. QUARTERLY AND ANNUAL REPORTS [LFB Paper 735]

Joint Finance/Senate/Assembly: Require State Fair Park to submit quarterly reports to the Department of Administration (DOA) and the Joint Committee on Finance projecting the revenues and expenditures of the ensuing quarterly period for the Park's program revenue appropriation accounts.

In addition, require State Fair Park to submit to DOA an annual plan to bring Park expenditures in line with revenues and to address how the Park will reduce the existing deficit in the Park's PR appropriation accounts. Require DOA to submit this plan, or the plan with modifications, to the Joint Committee on Finance, under 14-day passive review procedures (the plan would be considered approved unless the Committee objected to the plan within 14 working days of the receipt of the plan, whereby a the Committee could hold a hearing on the plan), by November 15 of each year.

Sunset these requirements on December 31, 2013.

Under current law, DOA may require an agency with program revenue or segregated accounts to make quarterly and annual reports to DOA projecting the revenues and expenditures of the ensuing quarterly period for each program revenue or segregated appropriation in the agency. Any projected deficit in program revenues or segregated revenues revealed in these reports must then be reported to the Joint Committee on Finance. Currently, DOA is not requiring the State Fair Park to submit quarterly reports, and DOA is not submitting annual reports developed by the Park to the Joint Committee on Finance.

7. PETTIT NATIONAL ICE CENTER STATUTORY LANGUAGE [LFB Paper 736]

Joint Finance/Senate/Assembly: Delete statutory language that specifies the State Fair Park Board has "sole responsibility" for the Pettit National Ice Center and all related land and facilities.

In addition, delete statutory language that allows the State Fair Park Board to enter into a lease for the operation of the ice center and, instead, specify the state may repurchase the Pettit National Ice Center should Pettit National Ice Center, Inc., discontinue its operation of the facility as an ice center.

Further, delete statutory language that allows the State Fair Park to make an annual grant to the city of West Allis for crowd and traffic control related to events held at the Pettit National Ice Center. (An annual grant for these purposes would still be allowed for events held at the State Fair Park.)

Furthermore, specify that property owned by a nonprofit corporation that operates an Olympic ice training center on land purchased from the state (including property leased to a nonprofit entity and up to 6,000 square feet of property leased to a for-profit entity), provided the property is located and primarily used at the center, is exempt from taxation.

These changes were made to reflect the January, 2007, sale of the Pettit National Ice Center to Pettit National Ice Center, Inc. (the nonprofit corporation that leased the ice center when it was under state ownership), the potential state repurchase of the ice center (as specified in the sales contract), and would preserve the current property tax exemption of the ice center (including the amount of property within the center currently leased to for-profit entities) and associated land and property.

STATE TREASURER

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Increase the base budget by \$44,100 PR and \$22,600 SEG annually for full funding of salaries and fringe benefits.

PR	\$88,200
SEG	45,200
Total	\$133,400

2. UNCLAIMED PROPERTY PROJECT POSITIONS [LFB Paper 740]

	Funding	Positions
PR	\$332,000	4.00

Governor/Joint Finance/Senate/Assembly: Provide \$165,200 in 2007-08 and \$166,800 in 2008-09 to extend 4.0 current project positions in the Unclaimed Property program for two years. Under current law, the positions terminate as of June 30, 2007.

3. APPROPRIATION TYPE CONVERSION [LFB Paper 741]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$0	\$7,065,400	\$7,065,400

Governor: Convert the PR appropriation for funding administrative expenses of the unclaimed property program from an annual to a continuing appropriation.

Joint Finance/Senate/Assembly: Delete provision. Instead, increase funding for the supplies and services line of the administrative expenses appropriation by \$3,532,700 in each year to cover anticipated invoices from vendors for services associated with recovering unclaimed property.

4. EDVEST FILE MAINTENANCE ADJUSTMENT

Governor/Joint Finance/Senate/Assembly: Make technical corrections to the EdVest program in the budget system to correctly reflect changes enacted under 2005 Wisconsin Act 478. Act 478 created four new appropriations related to new EdVest investment options. This item would correct an error in assigning the fund codes for the new appropriations.

SUPREME COURT

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide adjustments to the base of \$1,091,200 GPR, \$11,400 FED, \$721,500 PR, and \$15,900 SEG annually for: (a) full funding of salaries and fringe benefits (\$1,082,100 GPR, \$11,400 FED \$709,200 PR, and \$15,200 SEG annually); and (b) full funding of lease costs (\$9,100 GPR, \$12,300 PR, and \$700 SEG annually).

GPR	\$2,182,400
FED	22,800
PR	1,443,000
SEG	31,800
Total	\$3,680,000

2. INCREASED EXPENDITURES AUTHORITY FOR COURT INFORMATION SYSTEMS APPROPRIATION

PR	\$911,400
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Governor/Joint Finance/Senate/Assembly: Provide an increase in expenditure authority of \$455,700 annually for the Director of State Courts Office's court information systems appropriation to reflect actual expenditures in 2005-06 and estimated expenditures for 2006-07. Base level expenditure authority for the appropriation is \$8,495,000.

TOURISM

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 755]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$309,800	0.00	-\$17,600	0.00	\$292,200	0.00
PR	-182,600	-1.00	0	0.00	-182,600	0.00
SEG	30,000	0.00	0	0.00	30,000	0.00
Total	\$157,200	-1.00	-\$17,600	0.00	\$139,600	0.00

Governor: Provide adjustments to the base budget for: (a) removal of noncontinuing items (-\$94,500 tribal gaming PR and -1.0 PR position annually); (b) full funding of salaries and fringe benefits (\$136,500 GPR, \$3,200 PR and \$15,000 SEG annually); (c) reclassifications and semi-automatic pay progression (\$12,700 GPR annually); and (d) night and weekend pay rate differential (\$5,700 GPR annually).

Joint Finance/Senate/Assembly: Modify the Governor's recommendations by deleting \$8,800 GPR annually for costs associated with the reclassification of two positions to reflect the Department of Administration's approval of only one of three reclassifications included in Tourism's budget request.

2. TOURISM LTE COSTS [LFB Paper 756]

	<u>Governor</u> <u>(Chg. to Base)</u>	<u>Jt. Finance</u> <u>(Chg. to Gov)</u>	<u>Net Change</u>
GPR	\$54,200	-\$13,400	\$40,800

Governor: Provide \$24,400 in 2007-08 and \$29,800 in 2008-09 for limited-term employee (LTE) costs in the Department of Tourism. Funding would be primarily used to pay for staffing at the state's Wisconsin Welcome Centers (WWCs), with some funding used for central office LTEs to assist with Department programs.

Tourism operates 10 Wisconsin Welcome Centers on major state highways at entry points to the state, with the goal of providing highway and urban travelers a convenient source of information concerning Wisconsin tourism. The 10 WWCs are located near the following cities: Kenosha; Genoa City; Beloit; Kieler (Grant County); Prairie du Chien; La Crosse; Hudson; Superior; Hurley; and Marinette.

Joint Finance/Senate/Assembly: Delete \$6,700 GPR annually to reflect the elimination of funding recommended for central office LTEs. As a result, Tourism would be provided \$17,700 in 2007-08 and \$23,100 in 2008-09 for LTE costs at the Wisconsin Welcome Centers.

3. KICKAPOO VALLEY RESERVE LTE COSTS

SEG	\$40,200
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Governor/Joint Finance/Senate/Assembly: Provide \$20,100 annually from the forestry account of the conservation fund for limited-term employee (LTE) costs related to operation of the Reserve's visitor center and for fieldwork on the property. LTE fieldwork would be expected to include timber stand improvement, controlling invasive species, and maintaining recreational trails.

TRANSPORTATION

Transportation Finance

1. AUTOMOBILE AND LIGHT TRUCK VEHICLE REGISTRATION FEE INCREASES [LFB Paper 764]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$167,949,300	-\$369,900	\$167,579,400

Governor: Increase the vehicle registration fee for passenger vehicles (automobiles, vans, and sport utility vehicles) by \$20, from \$55 to \$75. Increase the registration fees for light trucks, as follows: (a) by \$26.50, from \$48.50 to \$75, for trucks not more than 4,500 pounds; (b) by \$22.50, from \$61.50 to \$84, for trucks not more than 6,000 pounds; and (c) by \$28.50, from \$77.50 to \$106, for trucks not more than 8,000 pounds. Specify that these increases would become effective on October 1, 2007, or the day after publication of the bill, whichever is later. Increase estimated transportation fund revenue by \$71,054,800 in 2007-08 and \$96,894,500 in 2008-09 to reflect these increases. Of these amounts, \$52,906,900 in 2007-08 and \$71,782,700 in 2008-09 would be associated with the increase in the passenger vehicle registration fee and \$18,147,900 in 2007-08 and \$25,111,800 in 2008-09 would be associated with the light truck fee increases.

Joint Finance/Senate/Assembly: Decrease estimated transportation fund revenues by \$102,600 in 2007-08 and \$267,300 in 2008-09 to reflect a reestimate of revenues generated by the fee increases. This change reflects the net effect of increases of \$98,400 in 2007-08 and \$105,000 in 2008-09 for the revenues generated by the increase to the automobile registration fee, and decreases of \$201,000 in 2007-08 and \$372,300 in 2008-09 for the revenues generated by the increases to the light truck registration fees.

2. DRIVER LICENSE AND IDENTIFICATION CARD SECURITY VERIFICATION MANDATE FEE [LFB Paper 795]

SEG-REV \$20,747,800

Governor/Joint Finance/Senate/Assembly: Create a \$10 federal security verification mandate fee, payable upon the issuance, renewal, upgrading, or reinstatement of any license, endorsement, or instruction permit and upon the issuance, renewal, or reinstatement of any identification card. Specify that the fee would also apply to the reinstatement of the Wisconsin operating privileges of a nonresident whose operating privileges are revoked under Wisconsin law, in cases where the period of revocation has expired and the nonresident obtains a valid license in his or her jurisdiction of residence. Specify that the \$10 fee would not apply to: (a) the issuance of a duplicate license or card in cases where the license or card holder's address is

changed as the result of actions by postal or local authorities; or (b) the reinstatement of a driver's license following an administrative suspension for having a prohibited alcohol concentration if it is determined by a hearing examiner or court that the administrative suspension was improper. Specify that the fee would first apply to applications for licenses or cards received by the Department on January 1, 2008.

Increase estimated transportation fund revenues by \$6,915,900 in 2007-08 and \$13,831,900 in 2008-09 to reflect the creation of the \$10 fee. The fee created under this item would be intended to cover the implementation and ongoing costs of the federal Real ID Act. A separate item, summarized under Motor Vehicles, would provide \$9,805,300 and 25.9 positions in 2007-08 and \$12,184,000 and 25.9 positions in 2008-09 and would make the necessary statutory modifications to implement that act.

3. GENERAL FUND GENERAL OBLIGATION BOND DEBT SERVICE FOR TRANSPORTATION BONDS

GPR	\$38,585,300
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Governor/Joint Finance/Senate/Assembly: Provide \$16,830,800 in 2007-08 and \$21,754,500 in 2008-09 to reflect an estimated increase in debt service payments on GPR-supported, general obligation bonds issued for the highway program. A total of \$565,480,400 in general obligation bonds was authorized for highway rehabilitation projects in the 2003-05 biennium and \$250,000,000 was authorized in the 2005-07 biennium. The debt service increases in this item, when added to the base of \$68,659,900, would bring total debt service on these bonds to \$85,490,700 in 2007-08 and \$90,414,400 in 2008-09. A separate item, summarized below and titled "Transportation Fund Appropriation for Supplementing General Fund Debt Service Payments," would reduce the GPR appropriation for this debt service by \$26,600,000 in 2007-08 and \$43,300,000 in 2008-09 by replacing these amounts with equal amounts from the transportation fund. After this substitution, the general fund would pay an estimated \$58,890,700 in 2007-08 and \$47,114,400 in 2008-09.

4. MARQUETTE INTERCHANGE PROJECT GENERAL OBLIGATION BOND REESTIMATE

SEG	\$21,355,000
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Governor/Joint Finance/Senate/Assembly: Provide \$10,677,800 in 2007-08 and \$10,677,200 to reflect a reestimate of debt service on \$213,100,000 in bonds authorized in the 2005-07 budget for the Marquette Interchange reconstruction project. Total debt service on the Marquette Interchange bonds is estimated at \$16,920,800 in 2007-08 and \$16,920,200 in 2008-09.

5. TRANSPORTATION FUND GENERAL OBLIGATION BOND REESTIMATE

SEG	-\$73,300
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Governor/Joint Finance/Senate/Assembly: Decrease funding by \$762,300 in 2007-08 and increase funding by \$689,000 in 2008-09 to reflect an estimate of debt service on general obligation bonds issued for harbor and freight rail improvement projects and on older bonds

issued for highway projects and administrative facilities. The total debt service payments on these bonds is estimated at \$5,442,800 in 2007-08 and \$6,894,100 in 2008-09 under the bill, which reflects debt service on existing bonds, plus debt service on new bonding that would be authorized by the bill for freight rail projects (\$22,000,000) and harbor projects (\$12,700,000). The sum of the 2006-07 appropriation base for the applicable debt service appropriations reflected in this item is \$6,205,100, while the 2006-07 debt service payments in these appropriations is currently estimated at \$3,977,700. Consequently, some of the change under this item reflects realigning the base to actual debt service payments.

Local Transportation Assistance

1. FREIGHT RAIL PRESERVATION PROGRAM [LFB Paper 778]

BR	\$22,000,000
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Governor/Joint Finance/Senate/Assembly: Provide \$22,000,000 in general obligation bonding authority for the freight rail preservation program to provide total, cumulative bonding authority of \$66,500,000 for the program. The Department of Administration did not include a separate estimate of the debt service on these bonds in the bill, but instead included all debt service on new and existing freight rail and harbor program bonds in a single reestimate decision item. When fully issued, debt service on the \$22,000,000 in freight rail bonds would be \$1.8 million annually. Under the freight rail preservation program, the Department purchases abandoned railroad lines in order to preserve rail service to shippers on the lines through a third-party railroad company. The bonds may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state. The \$22,000,000 in bonding provided by the bill would be an increase from the \$12,000,000 provided in the 2005-07 biennial budget. The Department indicates that the increased funding would be used to upgrade tracks to accommodate the heavier rail cars now being used in the freight rail industry and to fund the purchase of additional abandoned lines.

2. HARBOR ASSISTANCE PROGRAM [LFB Paper 779]

BR	\$12,700,000
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Governor/Joint Finance/Senate/Assembly: Provide \$12,700,000 in general obligation bonding authority for the harbor assistance program, to bring the total, cumulative bonding authority for the program to \$53,400,000. The Department of Administration did not include a separate estimate of the debt service on these bonds in the bill, but instead included all debt service on new and existing freight rail and harbor program bonds in a single reestimate decision item. When fully issued, the debt service on the \$12,700,000 in harbor bonds would be \$1.0 million annually. Together with base funding of \$500,000 SEG annually for making grants for harbor improvements, the bonding authorized by the bill would provide a total of \$13,700,000 for grants over the biennium, which is the same amount provided in the 2005-07

biennium. However, unlike the 2005-07 budget, which earmarked \$8,100,000 for specific projects, there would be no specific allocations of the funding provided in this bill.

Create a SEG-L appropriation for the harbor assistance program to reflect contributions toward the cost of a harbor improvement project provided by a local unit of government or other source.

3. SAFE ROUTES TO SCHOOL PROGRAM

FED	\$7,830,100
SEG-L	783,000
Total	\$8,613,100

Governor/Joint Finance/Senate/Assembly: Provide \$4,600,000 FED and \$460,000 SEG-L in 2007-08 and \$3,230,100 FED and \$323,000 SEG-L in 2008-09 in new appropriations for the safe routes to school program. Permit the Department to administer a safe routes to school program to award grants for infrastructure or noninfrastructure projects according to federal guidelines for the program.

Allow DOT, under the program, to award grants for infrastructure projects to any local general purpose government or any state agency. Federal law provisions for the program specify that a grant for an infrastructure project may be for the planning, design, and construction of infrastructure-related projects that will substantially improve the ability of students to walk and bicycle to school, including sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, on-street bicycle facilities, off-street bicycle and pedestrian facilities, secure bicycle parking facilities, and traffic diversion improvements in the vicinity of a primary or middle school.

Permit DOT to award grants for noninfrastructure-related activities under the program to any county, local governmental unit, Indian tribe, or private, nonprofit organization ("local governmental unit" is defined as a municipality, regional planning commission, special purpose district or local government association, authority, board, commission, department, independent agency, institution, or office). Federal law provisions for the program describe noninfrastructure activities as activities to encourage walking and bicycling to school, including public awareness campaigns and outreach to press and community leaders, traffic education and enforcement in the vicinity of schools, student sessions on bicycle and pedestrian safety, health, and environment, and funding for training, volunteers, and managers of safe routes to school programs.

Specify that DOT may award grants for both infrastructure and noninfrastructure projects to the same recipient.

The most recent federal surface transportation reauthorization act created the safe routes to school program for capital improvements or other initiatives to improve the safety of children traveling to school by bike or by foot. The federal funds, which are provided as part of the federal highway aid program, do not require a local match, but the Department assumes that some local money could be used to supplement federal funds. Consequently, the bill would create a SEG-L appropriation and estimate funding equal to 10% of the federal appropriation for this local contribution. Although the state has received funding under the

program since federal fiscal year 2005, the federal authorizing legislation passed too late in 2005 to include the creation of a state program to distribute the funds in the 2005-07 state budget. DOT distributed some federal safe routes to schools funding through the current transportation enhancements program structure, but only a portion of what could have been spent. The funding in the bill in 2007-08, therefore, represents an estimate of the funding that will be received by the state in federal fiscal year 2008, plus an additional amount to reflect a portion of the amount received under the federal program in the previous three federal fiscal years. The amount provided in 2008-09 reflects an estimate of the amount that will be received in federal fiscal year 2009.

4. LOCAL ROADS IMPROVEMENT PROGRAM -- GRANT FOR WASHBURN COUNTY VETERANS CEMETERY ROAD

Governor/Joint Finance/Senate/Assembly: Require DOT to make a grant of \$60,000 in the 2007-09 biennium, from the discretionary grants appropriation for the local roads improvement program, for the improvement of a road accessing a state veterans cemetery in Washburn County. Specify that the grant shall be made to the first applicant that is eligible for the aid under the local roads improvement program that applies for the grant. Specify that the grant shall be made prior to any allocations to the components of the discretionary grant program and shall be in addition to any other grants or entitlements that the recipient may receive under the discretionary or entitlement components of the local roads improvement program. Specify that the grant shall be made notwithstanding limitations on the amount and use of aid, or eligibility requirements for receiving aid, under the local roads improvement program.

State Highway Program

1. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS FUNDING [LFB Paper 786]

Governor/Joint Finance/Senate/Assembly: Provide \$28,964,000 in 2007-08 and \$37,330,300 in 2008-09 for the state highway maintenance and traffic operations program. The Executive Budget Book indicates that these amounts reflect the following components: (a) \$21,510,000 annually to cover the costs of contracting for county services and other routine maintenance activities; (b) \$3,960,400 in 2007-08 and \$8,019,800 in 2008-09 for 2.5% annual inflationary increases, calculated on a base that excludes state-funded salary and fringe benefit costs; and (c) \$3,493,600 in 2007-08 and \$7,800,500 in 2008-09 to reflect projected growth in traffic and the number of lane miles on the state highway system. Base funding for the program is \$178,588,100.

2. USH 51 EXPANSION PROJECT IN DANE COUNTY

SEG	- \$26,186,300
SEG-S	39,679,500
Total	\$13,493,200

Joint Finance/Senate/Assembly: Require DOT to commence, in 2007-08, the preparation of an environmental impact statement or environmental assessment, as applicable, for the USH 51 north segment reconstruction project in Dane County, which includes expanding the highway to a four-lane divided highway from the intersection of USH 51 and Reardon Road to just north of the intersection of USH 51 and CTH V/Grinde Road in the Village of De Forest. Require the Department to commence construction of this project no later than December 31, 2012.

3. HIGHWAYS SIGNS FOR ATTRACTIONS IN MILWAUKEE COUNTY

Joint Finance/Senate/Assembly: Require DOT to install and maintain tourist-oriented directional signs on I-94 in Milwaukee County that highlight lakefront attractions in the City of Milwaukee. Specify that the signs shall include information about the Milwaukee Art Museum, Discovery World, the Betty Brinn Children's Museum, Summerfest, and the Milwaukee County War Memorial. Specify that signs shall be placed at the following locations: (a) on the north-bound side of I-94 between Rawson Avenue and College Avenue; and (b) on the east-bound side of I-94 in the proximity of the Waukesha County/Milwaukee County line. Require DOT to also install temporary signs providing driving directions to these attractions until the completion of the Marquette Interchange reconstruction project or until July 1, 2010, whichever occurs first.

4. STUDY OF HIGHWAY ROUTES THROUGH THE CITY OF RIPON

Joint Finance/Senate/Assembly: Require DOT to conduct a study of a proposal to reroute state highways through the City of Ripon as follows: (a) for STH 23, on Berlin Road, Oshkosh Street and Douglas Street; (b) for STH 44, on CTH KK and Douglas Street; and (c) for STH 49, on CTH KK, Douglas Street, Oshkosh Street, and Berlin Road. Require the Department to prepare a report summarizing the results of the study and present that report to the Joint Committee on Finance by June 30, 2008.

Motor Vehicles

1. IMPLEMENTATION OF THE FEDERAL REAL ID ACT [LFB Paper 795]

	Governor		Jt. Finance		Net Change	
	(Chg. to Base)		(Chg. to Gov)		Funding Positions	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$21,989,300	25.90	-\$21,989,300	0.00	\$0	25.90

Governor: Provide \$9,805,300 and 25.9 positions in 2007-08 and \$12,184,000 and 25.9 positions in 2008-09 for the implementation of provisions in the federal Real ID Act related to driver licensing and identification card issuance. Under the federal Real ID Act, federal agencies, beginning after May 10, 2008, will not accept a driver's license or identification card as proof of identity for official purposes (such as passing through airport security) unless the issuing state is in compliance with the Act's provisions. The following sections describe the provisions in the bill intended to comply with the Real ID Act. Unless otherwise specified, these provisions take effect on May 11, 2008. Additional information on the funding and positions follows the summary of statutory provisions.

On March 1, 2007, the federal Department of Homeland Security issued proposed rules to implement the Real ID Act. Among the provisions, the proposed rules specify that states may request an extension of the effective date to December 31, 2009. With such an extension, states would have to begin issuing driver's licenses and identification cards that are in compliance with the Act's provisions by the start of 2010, but all licenses and cards held by state residents would have to be in compliance by May 10, 2013.

Driver's License and Identification Card Requirements

Prohibit the Department of Transportation from processing an application, received after May 10, 2008, for initial issuance or renewal of a driver's license or identification card, and prohibit the Department from issuing a license or card, unless the applicant presents or provides the following information, and the Department verifies the information in the manner and to the extent required under federal law: (a) an identification document that includes either the applicant's photograph or both the applicant's full legal name and date of birth; (b) documentation showing the applicant's date of birth, which may be the identification document listed under "a"; (c) proof of the applicant's social security number, or verification that the applicant is not eligible for a social security number; (d) documentation showing the applicant's name and address of principal residence; and (e) documentary proof that the applicant is a citizen of the United States or otherwise is legally present in the United States, subject to certain federal and state requirements, where applicable, relating to the issuance of a hazardous materials endorsement for a commercial driver's license. Prohibit the Department from accepting any foreign documents, other than an official passport, to satisfy the above requirements. Specify that these procedures also apply to an application for a license made after a prior license was cancelled and an application for an occupational license.

Repeal a current law provision that requires a person applying for an initial driver's license or identification card to submit satisfactory proof of his or her name and date of birth, reflecting the fact that such proof of name and date of birth are included in the new requirements described above. Modifications to provisions related to social security numbers and the issuance of driver's licenses and identification cards to non-citizens are described in more detail in a later section.

Specify that the documentation requirements outlined above do not apply to an

application for renewal of a license or card if: (a) the applicant had previously provided the required information and the Department verified the information and recorded the date of verification, in connection with a prior application submitted after May 10, 2008; and (b) the applicant is a U.S. citizen or permanent legal resident. Require the Department to establish an effective procedure to confirm or verify an applicant's information under these circumstances, including the verification of the applicant's social security number or ineligibility for a social security number.

Specify that the Department may, by rule, require that applications received after May 10, 2008, for reinstatement of driver's licenses or identification cards, issuance of occupational licenses, reissuance of driver's licenses, and issuance of duplicate licenses, be processed in a manner consistent with the requirements outlined above for initial issuance or renewal of driver's licenses and identification cards.

Permit DOT to issue a receipt to an applicant for a driver's license or identification card that shall be valid as a driver's license or identification card during the period in which the Department processes the application, up to a maximum of 30 days.

Provisions Related to Non-Citizens

Modify current law provisions that specify that a driver's license or identification card issued to a person who is not a United States citizen shall expire on the date that the person's legal presence in the United States is no longer authorized, as follows: (a) specify, effective on the bill's general effective date, that these special expiration date provisions do not apply to a non-citizen who has achieved permanent residency status; (b) specify, also effective on the bill's general effective date, that the expiration date of a license (including an occupational license) is the date that the license or card would otherwise expire if issued to a U.S. citizen if that date is earlier than the date on which the person's legal presence expires; and (c) specify, effective May 11, 2008, that a license or card expires on the date that the applicant's legal presence expires or one year after the date of issuance or renewal, whichever is earlier, if the applicant's legal status is based on either of the following: (i) a pending application for asylum in the U.S.; (ii) a pending or approved application for temporary protected status; (iii) an approved deferred action status; or (iv) a pending application for adjustment of status to that of an alien lawfully admitted for permanent residence or conditional permanent residence. Specify that no license or card issued to an applicant whose legal presence in the United States is temporary [the conditions listed under (c)(iii) above] may be renewed unless the applicant presents or provides valid documentary proof that the status by which the applicant qualified for the license or card has been extended by the Secretary of the federal Department of Homeland Security. Require DOT to notify license or card holders of these renewal documentation requirements in the renewal notice sent prior to the expiration date of the license or card.

Specify that for any driver's license or identification card issued to a person whose status is temporary, the license or card shall display on the front side, in addition to any required legend or label indicating the type of license, a legend identifying the license or card as temporary. Specify that a temporary driver's license issued under this provision must contain a

photograph of the holder. Specify that, if the license or card is issued for a period of less than eight years, the Department does not have to take a photograph of the applicant upon renewal of the card or license and the applicant does not need to undergo a vision examination (for a driver's license), provided that the applicant would be photographed and subject to a vision examination at least once every eight years. Repeal the current law provision that requires a driver's license issued to a person who is not a United States citizen to display the date on which the person's legal presence in the United States expires.

Modify provisions related to the documentation that must be provided by an applicant who is not a U.S. citizen to demonstrate his or her legal temporary or permanent status to: (a) specify that the provisions are subject to existing federal and state requirements related to the issuance of a hazardous materials endorsement, where applicable; and (b) make nonsubstantive wording changes to current law documentation provisions for consistency with federal terminology.

Provisions Related to Photographs

Delete current law provisions that allow a driver's license to be issued without taking a photograph of the applicant in situations where the Department allows, by rule, such a license to be issued. (The Department provides a photo exemption by rule in cases where an applicant's religious convictions do not allow the applicant to be photographed or in cases of temporary disfigurement.) Delete a provision that allows the Department to issue a license without a photograph if the applicant is stationed outside Wisconsin in military service and in other situations where the Department deems such action appropriate.

Specify that photographs taken of applicants for a driver's license or identification card must be digital and include a facial image capture.

Provisions Related to Social Security Numbers

Modify a current law provision that requires an applicant for a driver's license or identification card who does not have a social security number to submit a statement made or subscribed under oath or affirmation that he or she does not have a social security number, to specify that the statement must also indicate that the applicant is not eligible for a social security number. (DOT, by rule, currently allows applicants who may be eligible for a social security number but, for religious reasons, have not received one, to apply for a license without submitting a social security number. The Real ID Act would preclude such an exemption.) Specify that the submitted statement shall provide the basis or reason that the applicant is not eligible for a social security number, as well as any information requested by DOT that may be needed for purposes of the verification of that fact. Specify that the form of the statement shall be prescribed by DOT with the assistance of the Department of Workforce Development, instead of, under current law, prescribed solely by DWD. Require DOT to adopt procedures for the purposes of verifying that an applicant is not eligible for a social security number.

Require DOT, if an applicant presents a social security number that is already registered to or associated with another person, to direct the applicant to investigate and take appropriate

action to resolve the discrepancy. Prohibit DOT from issuing a license or identification card in these circumstances until the discrepancy is resolved.

Verification and Electronic Storage of Application Documentation

Require DOT, in processing any application for a driver's license or identification card, to: (a) capture a digital image of each document provided by the applicant; (b) maintain each image in an electronic and transferable format in the applicant's record file for at least ten years; and (c) record in the file the date that each application document is verified. Specify that each person's driver record file shall include any demerit points assessed for the person and all information in data fields printed on any license issued to the person.

Modify a provision that requires DOT to share, upon request, any applicant or driver record information with the driver licensing agencies of other states, to: (a) require DOT to provide electronic access to driver record and application file information, notwithstanding current law confidentiality provisions related to signatures, social security numbers, and photographs; and (b) change the word "states" to "jurisdictions" to be consistent with Real ID Act terminology. Specify that records in the Department's driver record files, including copies of documents submitted upon application for a driver's license, must be maintained in an electronic and transferable format.

Specify that records maintained for holders of identification cards shall include any application received for the card, information on any reinstatement or cancellation of an identification card, and information in all data fields printed on any card issued to the person. Require, in addition, that the record include, for at least ten years, a digital image of all documents provided to DOT in the application process and the date that each document was verified. Require DOT to provide, upon request, any record in the identification card file, including providing electronic access to any such record, to the driver licensing agencies of other jurisdictions.

Permit DOT to provide, upon request, any information collected in the application process for a driver's license or identification card, including providing electronic access to the information, to the Department of Health and Family Services for the sole purpose of verification by DHFS of birth certificate information.

Security Features and Content of Driver's Licenses and Identification Cards

Require all driver's licenses and identification cards to contain physical security features consistent with any requirement under federal law. The Real ID Act requires all complying states to use a common, machine-readable technology in the cards and to include security features on the cards designed to prevent tampering with, or counterfeiting of, the cards. Specify that driver's licenses and identification cards must display the holder's full legal name (as opposed to "full name" under current law) and principal residence address (as opposed to "residence address"). Require the license or card to include the holder's signature, instead of, under current law, a facsimile of the signature or space upon which the holder is to write his or her signature.

Background Investigations of Licensing Personnel

Require DOT, with the assistance of the Department of Justice and notwithstanding current law provisions that prohibit employment discrimination on the basis of various factors, to conduct a background investigation of any person who has been selected to fill a position within the Division of Motor Vehicles responsible for issuing driver's licenses and identification cards, first applying to persons selected to fill positions on January 1, 2008. Specify that the background investigation may include requiring the person to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, or by other technologies approved by law enforcement agencies. Require DOJ to submit any such fingerprint cards to the Federal Bureau of Investigation for the purposes of verifying the identity of the person and obtaining records of his or her criminal arrests and convictions. Permit DOT, at any interval determined appropriate, to conduct additional background investigations of the persons initially tested, as described above, and of other persons employed by the Department within the Division of Motor Vehicles. Require DOT to promulgate rules governing the confidentiality of the information obtained about DOT employees during such background investigations.

Require DOT, as a precondition to allowing access to any information system containing information maintained by DMV, to require any person to whom access is granted to be subject to a background investigation, first applying to persons requesting access on the first day of the fourth month after the bill's general effective date. Specify that the employer of the person to whom access is granted, including a state agency or the person, in the case of self-employment, shall conduct the background investigation in a manner prescribed by DOT, pay any cost associated with the background investigation, and certify the results. Specify that the Department may require, as part of this background investigation, that the person be fingerprinted in the same manner as described above in the background investigation procedure for DMV personnel. Specify that DOT, notwithstanding employment discrimination provisions, may deny or restrict access to any driver record information requested based on the results of the background investigation. Require DOT to promulgate rules governing background investigations for persons given access to DMV information under these provisions, and the confidentiality of the background information obtained.

Division of Motor Vehicles Service Centers

Delete a provision that requires DOT to conduct driver's license examinations in every county. Delete a requirement that persons applying for a driver's license must appear at the examining station nearest the person's place of residence or at such time and place as the Department designates in answer to an applicant's request. In its budget request, the Department had included these changes in order to allow 47 low-volume service centers to be closed, as a cost-saving measure. DOA indicates that it is the Governor's intent to not close any service centers, but that these provisions were unintentionally included in the bill.

Miscellaneous Provisions

Modify a provision that requires a person holding a driver's license or identification card whose address changes to either apply for a duplicate license or card or notify the Department of the address change with 10 days of the change, to instead specify that such application for a duplicate license or card or notification of the change shall be made within 30 days.

Prohibit DOT from issuing an identification card to a person previously issued a driver's license in another jurisdiction unless the person surrenders to DOT any valid driver's license issued by another jurisdiction. Specify that such surrender operates as a cancellation of the license insofar as the person's privilege to operate a motor vehicle in Wisconsin is concerned. Require DOT to destroy any surrendered license within 30 days following the issuance of the identification card, and report to the jurisdiction that issued the surrendered driver's license that the license has been destroyed and the person has been issued an identification card in Wisconsin.

Require DOT to cancel an identification card whenever the Department receives information from a local, state, or federal agency that the card holder no longer satisfies the requirements for issuance of a card under provisions that require the applicant to submit proof of U.S. citizenship or proof of legal presence for non-citizens. Specify that an identification card cancelled under these circumstances may not be reinstated until these requirements are again satisfied. This treatment of identification cards is similar to a current law provision relating to driver's licenses.

Delete a provision allowing the \$18 fee for the initial issuance of a "Class D" driver's license to be prorated if the license is valid for less than the ordinary effective period for that license. This change would mean that an initial issuance of a temporary license for an applicant who does not have permanent legal status in the United States would not be prorated.

Administrative Process Changes

The Department indicates that the Real ID Act requires states to implement several process changes that do not require changes in the state statutes, but which will impact applicants for driver's licenses and identification cards. Perhaps most notably, the type of material being proposed by the Department of Homeland Security for licenses and cards is different from the current material. Since the new material would require more specialized equipment for printing the information on the card, the Department expects to halt the practice of issuing licenses and cards to applicants at the time of application and, instead, print and mail licenses and cards from the central office after the application is submitted. In addition, the Real ID Act requires that a photograph be taken of each applicant, regardless of whether or not a license or card is ultimately issued. Consequently, the photograph will be taken as a first step in the application process, rather than as a final step.

Funding and Positions

Of the funding that would be provided by the bill, \$6,769,400 in 2007-08 and \$1,629,700 in 2008-09 is for implementation costs and \$3,035,900 in 2007-08 and \$10,554,300 in 2008-09 is associated with ongoing costs. The implementation costs include data processing (\$1,629,700 annually), a contract buyout for the current firm supplying the equipment, software, and supplies for driver's license and identification card issuance (\$2,400,000 in 2007-08), the purchase cost of document scanning and verification equipment (\$1,769,000 in 2007-08), public education and outreach associated with the new requirements (\$263,800 in 2007-08), modifications to DMV service centers to provide required security for the equipment and to allow photographs to be taken as the first step (rather than the last step) in the application process (\$399,400 in 2007-08), and costs associated with conducting required background checks for all current licensing personnel and one-time support costs for new positions (\$307,500 in 2007-08).

The ongoing costs are primarily related to the additional cost of the card stock that is expected to be required for licenses and cards and the salary and fringe benefit costs associated with the additional requested positions. The new card material is expected to cost nearly \$7.00 per card, while the current material costs just less than \$1.00 per card. Consequently, of the ongoing funding in the bill, \$2,115,300 in 2007-08 and \$8,461,200 in 2008-09 is for the purchase of the new card stock. Since the document verification and other requirements of the Real ID Act are expected to increase the time needed to issue licenses, the bill would provide 25.9 new positions. The salary, fringe benefit, and position support costs of the new positions account for \$722,700 in 2007-08 and \$1,239,400 in 2008-09 of the total funding. The other ongoing costs are for postage needed for mailing licenses from the central office (\$149,600 in 2007-08 and \$598,300 in 2008-09), for expected higher phone line transaction costs to transmit imaged documents (\$38,200 in 2007-08 and \$154,200 in 2008-09), and for transaction costs associated with using document verification systems (\$10,100 in 2007-08 and \$101,200 in 2008-09).

Of the 25.9 positions provided by the bill, 22.5 are frontline personnel for driver's license counter transactions or driver's license skills tests, 1.6 are new program supervisors for the additional frontline personnel, 1.0 is an investigator for document and identity fraud, and 0.8 is for providing assistance in document verification issues for field staff.

Joint Finance/Senate/Assembly: Transfer \$9,805,300 in 2007-08 and \$12,184,000 in 2008-09, the amount provided for Real ID Act implementation, to the Joint Committee on Finance's supplemental appropriation. Specify that the Department may submit one or more requests to the Committee during the 2007-09 biennium for up to \$9,805,300 in 2007-08 and \$12,184,000 in 2008-09 for implementing provisions of the Real ID Act. Specify that the Committee may provide a supplement for the cost of implementing the Real ID Act, up to these amounts, without being required to find that an emergency exists. Specify that if the Committee determines that no moneys are needed to implement the Real ID Act, or an amount less than the amounts specified, the Committee may provide a supplement to any other DOT SEG appropriation, up to the difference between the specified amounts and the amount of any supplement provided to implement the Real ID Act. The fiscal effect of increasing the

Committee's supplemental appropriation is reflected under "Program Supplements."

Modify the effective date for the provisions that, under the Governor's bill, would become effective on May 11, 2008, to specify that these provisions become effective on May 11, 2008, or on the date that the Department specifies in a notice published in the Wisconsin Administrative Register, whichever is later. Specify that if the DOT Secretary determines, prior to May 11, 2008, that the Department will be ready to complete full implementation of the provisions of the Real ID Act prior to May 11, 2008, the Secretary shall be required to publish a notice in the Administrative Register that the provisions of the bill related to the Real ID Act shall become effective on May 11, 2008. Specify that if the Secretary determines that the Department will not be ready to complete full implementation of the Real ID Act provisions prior to May 11, 2008, the Secretary shall be required to publish a notice in the Administrative Register to this effect and, as soon as the Department is ready to complete full implementation of the Real ID Act provisions, to publish a notice in the Administrative Register that states the date on which the Real ID Act provisions of the bill will become effective.

Delete a provision in the bill that would eliminate a current law requirement that the Department must have a Division of Motor Vehicles service center in every county.

2. DRIVER LICENSE AGREEMENT [LFB Paper 796]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$737,500	2.60	-\$737,500	-2.60	\$0	0.00

Governor: Provide \$353,600 and 2.6 positions in 2007-08 and \$383,900 and 2.6 positions in 2008-09 to implement provisions of the Driver License Agreement (DLA), a multistate, reciprocal agreement related to driver licensing, driver records, and traffic regulations developed by the American Association of Motor Vehicle Administrators. Although compliance with some elements of the DLA would be accomplished through adopting the provisions in the bill related to the implementation of the federal Real ID Act, the DLA also includes provisions related to traffic violations and license sanctions that are not related to Real ID provisions. Of the funding provided in the bill, \$260,000 would be for the data processing needed to implement the changes and \$93,600 in 2007-08 and \$123,900 in 2008-09 would be associated with the additional positions, which the Department indicates would be used to address an expected increase in the volume of driver's license revocations and reinstatements as the result of the provisions.

The Driver License Agreement is intended to replace two previous multi-state compacts that address the exchange of driver's license information between jurisdictions. Wisconsin is one of only two states (Michigan is the other) that did not join either compact.

Requirement to Enter Driver License Agreement; General Provisions

Require the state, through the Department of Transportation, in order to promote the efficient administration and enforcement of driver's licensing provisions, to join the agreement facilitated by the American Association of Motor Vehicle Administrators that, as of July 1, 2009, is known as the Driver License Agreement (DLA), and that establishes standards among participating jurisdictions for the treatment and exchange of driver licensing and conviction information and other data pertinent to the licensing process. Specify that joining of the DLA shall be effective July 1, 2009. All other provisions summarized below first apply and are effective on July 1, 2009, unless otherwise specified.

Require DOT to promulgate rules as the Secretary considers necessary to effectuate the purposes of the DLA. Require DOT to also promulgate rules, timed to become effective when the state joins the agreement, to identify all violations of state law, and administrative actions under state law (as well as all equivalent violations and administrative actions of other jurisdictions, described by type or category) that are required to be recognized by the DLA as violations and administrative actions by all member jurisdictions. [This list of reciprocally-recognized traffic offenses and administrative actions is hereafter referred to as "DLA code offenses" in this summary.] Require DOT to submit the rules identifying the DLA code offenses in proposed form to the Legislative Council staff no later than July 1, 2009. Require DOT to provide publication of notice of the state's joining the DLA, including the effective date, by notice published by the Revisor of Statutes in the Wisconsin Administrative Register. Require DOT to promulgate emergency rules identifying the DLA code offenses no later than July 1, 2009, and specify that these rules shall be effective until the permanent rules take effect, or until July 1, 2009, whichever is sooner. Specify that these emergency rules may be promulgated notwithstanding the conditions that normally are required to be met for the promulgation of emergency rules. [Under the bill, there are conflicts between the timing of the promulgation of the emergency rules, the expiration of those rules, and the submittal to the Legislature of draft permanent rules. These conflicts would have to be resolved in order to ensure that emergency rules are in effect during the period of the Legislature's consideration of the final rules.]

Create the following definitions for the purposes of driver's licensing provisions and the state's vehicle safety responsibility law: (a) "member jurisdiction" means another jurisdiction that has entered into the DLA; and (b) "home jurisdiction" means another jurisdiction that has most recently issued an operator's license to a person or, if the person has not been issued an operator's license by another jurisdiction, another jurisdiction where the person resides. Replace the word "state" with the word "jurisdiction" in current law provisions to reflect the fact that some entities that are not states could be members of the DLA. Under current law, "another jurisdiction" or "other jurisdiction" means any state, other than Wisconsin, and includes the District of Columbia, the commonwealth of Puerto Rico and any territory or possession of the United States, any federal military installation located within the territorial boundaries of Wisconsin, and any province of the Dominion of Canada.

License Sanctions and Other Changes Affecting Nonresidents

Modify provisions related to the administrative suspension or revocation of operating privileges by DOT to specify that such provisions only apply to the operating privileges of persons who are licensed in Wisconsin or of residents who have not been issued a license in another jurisdiction, reflecting the fact that under DLA, with limited exceptions, member jurisdictions take licensing actions against only their own licensees and residents. Delete a specific provision that requires DOT to revoke the operating privilege of a nonresident for committing certain violations in Wisconsin or in other jurisdictions. Specify, however, that the Department shall revoke or suspend, as applicable, the operating privileges of a nonresident upon receiving a record of the person's conviction for an offense committed in Wisconsin that is subject to revocation or suspension if the person is licensed or resides in another jurisdiction that is not a member jurisdiction or if the offense is not a DLA code offense. In addition to these circumstances, the bill would not affect a provision that requires the administrative license suspension for nonresidents as the result of a test indicating a prohibited blood alcohol concentration.

Prohibit DOT from issuing an order disqualifying a nonresident from operating a commercial motor vehicle or from taking any other administrative action on a disqualification upon receiving notice of a conviction of the nonresident on an offense that results in disqualification. Amend provisions related to disqualification orders of Wisconsin residents to specify that DOT shall record the disqualification order and take any other applicable administrative action against the resident on the disqualification. Specify that disqualifications shall be effective from the date of the order to clarify contradictory current law provisions that specify separately that such disqualifications begin on the date of the conviction on the disqualifying offense and on the date of the disqualification order. Under current law, a person who holds a commercial driver's license and who is convicted of certain offenses or combination of offenses is disqualified, as a matter of law, from operating a commercial motor vehicle. DOT then takes the additional, administrative step of ordering a disqualification. The bill would prohibit the issuance of an disqualification order by DOT with respect to nonresidents, but nonresidents would still be disqualified as a matter of law for committing a disqualifying offense.

Specify that DOT may only suspend the operating privilege of a nonresident for violations under the state's safety responsibility law, including failure to deposit security to cover uninsured damages following an accident and failure to report, or provide information regarding, an accident, if these offenses are not DLA code offenses or if the nonresident is licensed by or resides in a nonmember jurisdiction. Require DOT to provide notice to a nonresident's home jurisdiction of an offense committed by the nonresident that is grounds for operating privilege suspension under the state's vehicle safety responsibility law, including notice of any suspension of the nonresident's operating privilege or vehicle registration.

Modify a current law provision that requires DOT to provide a copy of a record of a nonresident's traffic conviction occurring in Wisconsin, if the violation makes the nonresident subject to operating privilege suspension, revocation, or disqualification, to the licensing agency

of a nonresident's home jurisdiction, as follows: (a) require DOT to forward the copy of the record within 30 days; (b) require DOT to also forward any record of a Wisconsin court's order to suspend, revoke, or disqualify a nonresident; (c) require DOT to also forward a certified copy of a notice related to the filing of an appeal of the conviction or a court's subsequent judgment on an appeal; and (d) specify that the provision is subject to current law requirements regarding the notification of the commercial driver's license system for violations involving nonresidents who hold a commercial driver's license. Require DOT to provide notice to a nonresident's home jurisdiction, subject to the same procedures, of the nonresident's conviction, and any subsequent appeal, for a violation of a DLA code violation that is not grounds for revocation, suspension, or disqualification.

Require DOT, within 30 days of receiving notice of certain information with respect to a nonresident, to send notice of the information to the driver licensing agency of the nonresident's jurisdiction, as follows: (a) a report of a chemical test indicating that the nonresident was operating a motor vehicle with a prohibited blood alcohol concentration or with a detectable amount of a controlled substance, including notice of the resultant administrative suspension; (b) a report of a chemical test indicating that the nonresident was operating a commercial motor vehicle with a blood alcohol content exceeding 0.00, including notice of the resultant out-of-service order; and (c) the results of any administrative hearing conducted following such administrative suspension or out-of-service order.

Modify provisions that prohibit operating a motor vehicle with a suspended or revoked license to clarify that the prohibition also applies to nonresidents who are suspended or revoked under the laws of their home jurisdiction. Specify that the current law prohibition against operating a commercial motor vehicle while the operator or vehicle is ordered out of service applies to such orders issued under the laws of other jurisdictions, as well as, under current law, the laws of Wisconsin and federal law.

Modify provisions that require a law enforcement officer who arrests a person without a warrant for a traffic regulation to release the person if the person deposits a valid Wisconsin driver's license with the officer to eliminate the requirement that the driver's license be a Wisconsin license. This change implements one of the requirements of the DLA, which is to require that nonresidents are treated the same as residents with respect to the procedures used for the issuance of a traffic citation. As a member of the DLA, Wisconsin residents would also be released upon posting a driver's license (in lieu of posting a deposit or arrest bond certificate) after receiving a traffic citation in another member jurisdiction.

Other Provisions Affecting Nonresidents

The provisions described in this section, relating to filing proof of financial responsibility by nonresidents, court-ordered assessment of a nonresident's alcohol use, and reinstatement of a nonresident's operating privilege, are not specifically required by the DLA, but were included in the bill to be consistent with the general principles of the agreement, namely, that a person's home jurisdiction is the primary enforcer of operating privilege restrictions.

Modify provisions related to filing proof of financial responsibility for three years upon reinstatement following a period of license suspension under the financial responsibility law to specify that such requirements only apply to Wisconsin residents. Delete provisions related to the procedures used regarding filing of financial responsibility by nonresidents, reflecting that nonresidents would no longer be required to file such proof in Wisconsin.

Modify provisions related to a court ordered assessment of a person's alcohol use following a conviction of an operating while intoxicated offense to specify that such assessment orders would only apply to Wisconsin residents. Delete provisions related to the procedures used for the assessment of nonresidents, reflecting that nonresidents would no longer be subject to such orders.

Modify provisions related to the reinstatement of the operating privilege of a nonresident by DOT after revocation in Wisconsin to eliminate the requirement that the person obtain a valid driver's license in his or her home jurisdiction prior to reinstatement. The period of revocation would still have to be expired and the nonresident would continue to be required to pay the reinstatement fee.

License Sanctions Against Wisconsin Residents for Offenses Committed in Other Jurisdictions

Specify that DOT may suspend or revoke the operating privilege of any person who holds a Wisconsin driver's license or who is a resident of Wisconsin and has not been issued a license from another jurisdiction, upon receiving: (a) notice of the suspension or revocation in another jurisdiction of the person's operating privilege for an offense therein which, if committed in Wisconsin, would have been cause for suspension or revocation under any Wisconsin law or which is identified in the Department's rules as a DLA code offense for which a person is subject to suspension or revocation; or (b) circumstances occurring in another jurisdiction that, if occurring in Wisconsin, would have been cause for administrative suspension for operating a motor vehicle with a prohibited blood alcohol concentration or a detectable amount of a restricted controlled substance. Specify, however, that this provision does not apply to any suspension or revocation in another jurisdiction for failure to comply with the order of, or appear before, a court of that jurisdiction. Delete a provision that permits DOT to suspend or revoke a Wisconsin resident's operating privilege upon receiving notice of an offense of operating while suspended, operating after revocation, or operating a commercial motor vehicle while disqualified, to reflect the creation of the general authority for DOT to suspend or revoke upon receiving notice of a suspension or revocation in another jurisdiction.

Modify provisions related to the suspension or revocation of the operating privileges of Wisconsin residents for offenses committed in other jurisdictions, or circumstances occurring in other jurisdictions that would require license revocation for operating a motor vehicle with a prohibited alcohol concentration, to specify that these provisions do not apply: (a) in cases where the other jurisdiction suspended or revoked a person's operating privilege for an offense or occurrence and the period of suspension or revocation had already expired when DOT received notice of the offense or occurrence; or (b) if, at the time of the offense or occurrence, the person was licensed in or resided in another jurisdiction. Modify a specific current law

provision that requires DOT to revoke the operating privilege of a Wisconsin resident upon receiving notice that the person was convicted of an offense in another jurisdiction that would have been cause for revocation in Wisconsin if the conviction had occurred in Wisconsin to specify that the offenses subject to revocation under this provision include DLA code offenses for which a person is subject to revocation. Specify that the period of suspension or revocation under this provision shall be the same as if the offense was committed in Wisconsin. Delete a provision that requires DOT to revoke the operating privilege of a Wisconsin resident for six months for a first-offense OWI conviction in another jurisdiction, reflecting the fact that the bill would require that the period of suspension or revocation for any offense committed in another jurisdiction be the same as if the offense were committed in Wisconsin.

Modify various current law provisions that list the violations for which a person is disqualified from operating a commercial motor vehicle to specify that the violations include violations committed in other jurisdictions that, if committed in Wisconsin, would have subjected the person to disqualification. Modify a current law provision that requires the operating privileges of an underage person to be suspended for offenses related to the fraudulent use of a driver's license or identification card to also require operating privilege suspension for offenses committed in other jurisdictions that, if committed in Wisconsin, would have been cause for suspension. Modify a current law provision that requires DOT to suspend the operating privilege and (if applicable) vehicle registration(s) of a Wisconsin resident whose operating privilege or vehicle registration was suspended by another jurisdiction for the failure to deposit security following an accident in that jurisdiction (if the person did not have a automobile liability policy) to specify that such suspension of operating privileges or vehicle registration is also required even if the other jurisdiction did not take action to suspend the person's operating privilege or registration, if such failure to deposit security when required is a DLA code offense.

Delete an obsolete statutory section that requires the revocation of a Wisconsin resident's operating privileges for offenses committed in other jurisdictions, as listed in the section, but in which no offenses are listed.

Effect of Traffic Offenses Committed by Wisconsin Residents in Other Jurisdictions on License Issuance and on Penalties for Subsequent Violations

Prohibit DOT from issuing a driver's license to a person whose operating privilege is suspended, revoked, or canceled by another jurisdiction for a DLA code offense or combination of DLA code offenses, except if the suspension, revocation, or cancellation was the result of the failure to comply with a judgment in that other jurisdiction and at least five years have elapsed since the suspension, revocation, or cancellation. Modify a provision that allows DOT to continue a person on probationary status beyond the period that the probationary status would otherwise expire for the repeated violation of state traffic laws, to specify that traffic offenses committed in other jurisdictions that would have been considered traffic convictions in Wisconsin may be also considered in determining whether to continue the person on probationary status. Modify a provision that requires DOT to determine whether a person should submit to a special examination to determine the person's competency to drive if the

person has been arrested two or more times for certain OWI offenses to specify that arrests in other jurisdictions for similar alleged offenses shall also be counted. Modify provisions related to license suspension for the accumulation of demerit points to specify that an offense committed in another jurisdiction that would have resulted in the assessment of demerit points if the violation had occurred in Wisconsin may be considered when determining whether to order a license suspension, unless the offense was committed when the person was licensed or resided in another jurisdiction.

Specify that traffic convictions occurring in another jurisdiction shall be considered in provisions in which the penalty or license sanction depends upon the number of prior convictions committed, affecting the following: (a) the fine and term of imprisonment for a repeat conviction for operating without a valid license; (b) the fine and possible revocation for a repeat offense of operating while suspended, operating after revocation, or operating a commercial motor vehicle while disqualified; and (c) the mandatory revocation for a second or subsequent railroad crossing offense.

Modify provisions related to license revocation for persons reaching habitual traffic offender status to specify that offenses committed in other states may not be counted if the person was licensed in or resided in another jurisdiction at the time of the offense, unless, after the person becomes licensed or transfers residency to Wisconsin, the person commits an offense in Wisconsin that is counted under the habitual traffic offender law toward habitual traffic offender status. Under current law, offenses committed by Wisconsin residents in other jurisdictions are counted toward the habitual traffic offender designation if those offenses are substantially similar to one of the Wisconsin offenses that is counted.

Provisions Related to the Driver Record Requirements for Residents and Nonresidents and Providing Access to Records to Licensing Agencies of Other Jurisdictions

Modify the current law provision requiring the Department to keep the full driver record for each licensee or other person to specify that the full driver record is to be kept only for each Wisconsin licensee or Wisconsin resident who has not been issued an operator's license by another jurisdiction. Specify, however, that the full driver record shall be maintained for each person issued a commercial driver's license by Wisconsin or by another jurisdiction, if, in the case of a person licensed by the other jurisdiction, the person has committed a violation in Wisconsin involving a commercial motor vehicle. Specify that the full driver record of each Wisconsin licensee or resident shall include any notice received from another jurisdiction of the revocation, suspension, or cancellation of the person's operating privilege in that other jurisdiction.

Require DOT to maintain a separate driver record for each nonresident who is convicted of a violation, or who otherwise commits an offense, in Wisconsin (as opposed to the full driver record for Wisconsin residents) that includes the following: (a) a record of reports or abstract of convictions resulting from any OWI offense or improper refusal to submit to a test for blood alcohol concentration; (b) a record of any administrative suspension, notice of refusal, notice of intent to revoke, issuance of an out-of-service order, or report of test results related to a traffic

stop involving the investigation of a possible violation of OWI laws; (c) a record of any suspension or revocation by DOT for a violation under the state's safety responsibility law; and (d) a record of any suspension or revocation by DOT for an offense involving a nonresident who is from a nonmember jurisdiction or for an offense that is not a DLA code offense. Specify that these provisions do not require DOT to maintain a record of any conviction other than a conviction for an offense of improperly refusing to submit to a test of blood alcohol concentration or an operating while intoxicated offense if, at the time of the conviction, the person resided in or was licensed in another jurisdiction.

Require DOT to transfer the full driver record of a Wisconsin resident or licensee to another jurisdiction within 30 days of receiving notice that the person has applied for or been issued a driver's license in, or transferred residency to, the other jurisdiction if the other jurisdiction is a member of the DLA or if the other jurisdiction accepts responsibility for maintaining the person's driver record. Specify that the Department, after such a transfer, shall not update the full driver record file if the other jurisdiction is a member of the DLA, except as required under current state or federal law for records of a person holding a commercial driver's license. Specify that if the other jurisdiction is not a member of the DLA, the Department may continue to update the full driver record with respect to any conviction committed in Wisconsin that is not recorded by the other jurisdiction. Specify that if the Department transfers the full driver record to another DLA member jurisdiction, then the Department may update the driver record file for nonresidents, as described above. Specify that, in this case, if the person moves back to Wisconsin, the nonresident driver record file may be used to update the full driver record, with respect to any conviction, suspension, revocation, disqualification, or other information related to offenses committed in Wisconsin that do not appear in the full driver record transferred back from the other jurisdiction.

Modify a current law provision that requires the Department to request driver record information from another jurisdiction for applicants for a driver's license who are moving to Wisconsin from that other jurisdiction, to specify that such a request shall include the transfer of the full driver record if the other jurisdiction is a member of the DLA.

Modify current law provisions that prohibit the Department from releasing various types of personal information, except to certain specified authorities, by specifying that the information shall also be provided to the driver licensing agencies of other jurisdictions. These provisions affect driver record and identification card information, personal identifying information, photographs, signatures, social security numbers, license actions taken against juveniles, and suspensions or revocations for underage alcohol violations. Include district attorneys in the list of authorized entities that are entitled to have access to personal identifying information, to make the list of authorities that have access to this information consistent with the list of entities with such access to the other information. Require DOT to include procedures for the expeditious exchange of information with driver licensing agencies of other jurisdictions in rules regarding procedures for blood alcohol tests and for administrative suspensions and court-ordered revocations resulting from positive tests. Modify a current law provision related to providing photographs to a law enforcement agency to specify that the photograph may be a print or electronic copy of the photograph.

Modify a current law provision related to the first issuance of a license in Wisconsin to a person moving from another jurisdiction after the person's operating privilege has been suspended or revoked in another jurisdiction to: (a) specify that the person, to be reinstated, must only be eligible for reinstatement in the other jurisdiction, instead of, under current law, must actually have been reinstated; (b) eliminate the requirement that the period of revocation or suspension would have elapsed had the person's operating privilege been suspended or revoked in Wisconsin for the same offense; and (c) eliminate the requirement that the person file acceptable proof of financial responsibility. These provisions are not required by the DLA, but are intended to make the licensing process for persons moving to Wisconsin consistent with current provisions for the issuance of licenses for Wisconsin residents.

Other Provisions

Modify a current law provision that requires DOT to record in the vehicle registration records of a vehicle that a court has ordered the vehicle to be immobilized and that the order remains unexecuted (as the result of the vehicle owner's conviction for a repeat OWI offense), to specify that such an order is only entered if the Department has issued a valid certificate of title for the vehicle and the vehicle is registered in the state. Create a provision paralleling the current law requirements with respect to vehicle immobilization, applying to situations in which a court orders the installation of an ignition interlock device on a vehicle, as follows: (a) require the court ordering the installation of the device to notify DOT in a form and manner prescribed by the Department; (b) require DOT to record that such an order has been issued and that the order remains unexecuted in the registration records for the vehicle, if the Department has issued a valid certificate of title for the vehicle and the vehicle is registered in the state; (c) specify that a law enforcement agency may execute such an order based on the information provided by the Department; and (d) require any law enforcement agency that executes such an order to notify the Department and require DOT to amend the registration record for the vehicle to reflect the execution of the order. The provisions relating to vehicle immobilization are not required under the DLA, but DOT indicates they were included in the bill to have the treatment of vehicle information for nonresidents consistent with the treatment of nonresidents' operating privileges. The creation of provisions related to ignition interlock devices is also not required under the DLA, but was included to make the treatment of ignition interlock orders consistent with immobilization orders.

Modify various provisions related to the suspension or revocation of a driver's license by courts to eliminate the requirement that the court take possession of a suspended or revoked license and forward the license to the Department. Specify that a court may take possession of a license in these circumstances, but require the courts to destroy the license if the court does take possession of the license. Eliminate a prohibition against simultaneously holding a probationary license and a regular license to reflect the fact that a person whose license is suspended or revoked could, under the bill, potentially keep possession of the license card. Eliminate provisions that require a law enforcement officer to seize a license and forward it to a court following a positive blood alcohol test or refusal to take a test. Eliminate a provision that permits a law enforcement officer to seize a license and retain it for 24 hours in cases where the officer issues an out-of-service order for a violation of commercial motor vehicle absolute

sobriety requirements. Modify provisions related to the reinstatement of licenses to eliminate provisions related to the return by DOT of a surrendered license and require DOT, instead, to issue a new license without charging the fee that would normally be required upon issuance.

Delete a provision that requires DOT to revoke a person's driver's license for a period of six months if the Department receives notice that the person has been convicted of a fourth or subsequent violation, within a five-year period, of operating while suspended, operating after revocation, or operating a commercial motor vehicle while disqualified. Eliminate the requirement that courts revoke a person's operating privilege for a fourth or subsequent violation of operating while suspended, operating after revocation, or operating while disqualified and specify, instead, that courts may revoke a person's operating privilege in these circumstances. These provisions would not be required under the DLA, but were requested by the Department to simplify license revocation provisions.

Modify various provisions related to appeals under the habitual traffic offender law to specify that the location of the appeal for a person who has moved to another state after a habitual traffic offender revocation shall be in the county that the person resided at the time of the revocation (instead of, under current law, in Dane County) and the Department shall be represented in the proceedings by the district attorney of that county (instead of, under current law, by the Attorney General).

Delete a reference to a 1997 statutory section in a current law provision related to counting the number of convictions for operating while suspended or operating after revocation occurring in a five-year period to reflect the fact that the 1997 reference is obsolete, since more than five years have passed since the 1997 statute was in effect.

Joint Finance/Senate/Assembly: Delete the provision, including the funding and positions, except for the statutory provisions that specify that the Department shall provide certain driver records and personal information to the driver licensing agencies of other jurisdictions. These provisions are retained to allow the state to comply with the federal Real ID Act. Change the effective date of these provisions (with two exceptions, described below) from July 1, 2009, to the same effective date used for the provisions in the bill related to the Real ID Act (May 11, 2008, or the date that the Department indicates in a notice published in the Wisconsin Administrative Register, whichever is later). Change the effective date of a provision related to the sharing of social security numbers and a provision related to sharing information concerning an applicant or holder of an identification card, to July 1, 2008, to correspond with other changes in the bill that affect these statutory sections related to the creation of the Department of Children and Families.

3. EXTEND IDENTIFICATION CARD PERIOD

SEG-REV \$1,598,300

Governor/Joint Finance/Senate/Assembly: Extend the expiration period of identification cards from four years to eight years and increase the fee for identification cards from \$9 for a four-year card to \$18 for an eight-year card. Increase estimated transportation fund revenues

by \$532,700 in 2007-08 and \$1,065,600 in 2008-09 to reflect this change. Specify that this change would first apply to applications for cards received by the Department on January 1, 2008.

4. MOTOR CARRIER REGISTRATION SYSTEM

SEG	\$228,000
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Governor/Joint Finance/Senate/Assembly: Provide \$214,000 in 2007-08 and \$14,000 in 2008-09 for implementation costs associated with transitioning from the federally-authorized, single-state registration system (for filing proof of insurance and operating authority for motor carriers) to the unified carrier registration system (for proof of operating authority only).

Modify current law provisions related to participation in the single-state registration system to specify that DOT may participate in the unified carrier registration system for motor carriers, including private motor carriers, in accordance with federal law. Specify that DOT may, consistent with federal law, establish by rule an annual fee for a motor vehicle that is operated in Wisconsin and that is subject to the unified carrier registration system. (The current fee for motor vehicles operated under the single-state registration system is \$5 per vehicle. Under the unified carrier registration system, the U.S. DOT will establish the level of the fees that are collected.) Specify that DOT may not administer both an insurance registration system under the single-state registration system and the unified carrier registration system. (Under current federal law, the state may no longer administer the single-state registration system for filing proof of insurance.)

The federal authorization for the single-state registration system expired on January 1, 2007. The unified carrier registration system will replace the single-state registration system, although the multi-state agreement that governs the unified carrier registration system has not yet been completed. Only common motor carriers engaged in interstate commerce (for-hire motor carriers) were required to register under the single-state registration system, while the unified carrier registration system will require all motor carriers to register and pay fees. However, instead of paying a fee for each vehicle and for each state in which the carrier operates, under the unified carrier registration system, motor carriers will pay a single fee for their entire fleet, regardless of how many states in which they operate. Of the funding that would be provided under this item, \$200,000 in 2007-08 would be for computer system modifications to switch to the new fee system and \$14,000 annually would be for dues paid by the state to the unified carrier registration system. The Department estimates that the failure to join the unified carrier registration system would result in the annual loss of approximately \$2.1 million in base transportation fund revenues.

5. NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

SEG	\$140,700
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Governor/Joint Finance/Senate/Assembly: Provide \$60,300 in 2007-08 and \$80,400 in 2008-09 to pay the cost for the state's participation in the National Motor Vehicle Title Information System (NMVTIS). NMVTIS collects information on motor vehicles from

participating states and maintains a database in order to prevent fraudulent vehicle transactions and track stolen vehicles. The system is maintained by the American Association of Motor Vehicle Administrators (AAMVA), which requires participating states to make maintenance payments based upon the number of vehicles titled in the state. Wisconsin's payments have been subsidized by AAMVA since the state joined in 2004, but that subsidy will expire in October, 2007. The funding provided under this item would allow DOT to make up the difference in the participation cost after the subsidy expires.

6. LICENSE PLATE REISSUANCE

Governor: Repeal a current law provision that requires DOT to replace all license plates for most types of vehicles with plates of a new design on a ten-year cycle. Under current law, the Department is required to replace all red-lettered license plates by June 30, 2010. Under this item, there would be no statutory requirement for license plate reissuance.

Joint Finance/Senate/Assembly: Delete provision.

7. VEHICLE EMISSIONS INSPECTION PROGRAM [LFB Paper 797]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	-\$50,000	-\$13,274,400	-\$13,324,400

Governor: Provide \$50,000 in 2007-08 to pay estimated increased costs under the Department's contract with a private firm to manage the vehicle emissions and inspection program in southeastern Wisconsin. Total funding for the contract would be \$13,324,400 in 2007-08, which is the final year of the current contract. Transfer \$1,119,200 from the supplies and services line to the unallotted reserve line of the vehicle emissions inspection program appropriation in 2008-09, which is the amount that the Department estimates would be needed to implement the program modifications described below (total funding would equal \$13,274,400). Because the modifications would result in a net reduction in the number of vehicles being tested, and would allow for less expensive testing methods, it is expected that the total amount of the vendor contract would be reduced in 2008-09, allowing the implementation costs to be absorbed within base resources. This item would place the funding for implementation in unallotted reserve to give DOA flexibility in assessing the overall program savings and implementation costs for 2008-09.

Exempt from emissions testing vehicles of model year 1995 or earlier, instead of, under current law, vehicles of model year 1967 or earlier. Require emission testing of vehicles up to 14,000 pounds, instead of, under current law, vehicles up to 10,000 pounds, beginning with vehicles of model year 2007. Require vehicles powered by diesel fuel (and weighing 14,000 pounds or less) to be subject to testing, beginning with vehicles of model year 2007.

Permit DOT to establish alternate methods for emissions testing and equipment inspection in addition to the current method of testing by private contractor, provided that such alternate methods include the tests required under federal law and that the results of the tests are contemporaneously furnished in writing to the person having the vehicle inspected. Specify that these methods may include the installation and operation by the Department of self-service inspection stations and the utilization of any technology related to emissions or data transmission with which motor vehicles may be equipped. Permit DOT to establish methods for emissions testing and equipment inspection specifically applicable to self-service stations, and, if such methods are established, require DOT to include these methods in the administrative rules for the program.

Specify that the contract with the firm to conduct testing at stations that are not self-service may authorize or require the contractor to install and operate self-service inspection stations and may allow the use of different methods for emissions testing and equipment inspection than those used at inspection stations that are not self-service. Specify that the testing methods established for self-service stations operated by the contractor must be consistent with those established for self-service stations installed and operated by the Department.

Modify the current law provision that entitles a person whose vehicle failed one test to have the vehicle retested within 30 days, to specify that in cases where the initial test was conducted using an alternate testing method, the subsequent test must be conducted at the same location where the original test was conducted.

Specify that these changes would take effect on July 1, 2008.

Joint Finance/Senate/Assembly: Delete \$1,130,200 in 2008-09, to reflect the net effect of an estimated 25% savings for the program (relative to estimated contract costs without program changes), and the retention of \$1,119,200 for the estimated cost of implementing program changes. Transfer the remaining funding in 2008-09, or \$12,144,200, from the contract appropriation to the Joint Committee on Finance's supplemental appropriation. Specify that the Department may submit a request to the Committee for the fourth quarterly meeting of 2007-08 for up to \$12,144,200 in 2008-09 for implementing changes to, and contract costs under, the vehicle emissions inspection program. Specify that the Committee may provide a supplement for these costs, up to \$12,144,200, without being required to find that an emergency exists. Specify that if the Committee determines that no moneys are needed for these costs, or an amount less than the amount specified is needed, the Committee may provide a supplement to any other DOT SEG appropriation, up to the difference between \$12,144,200 and the amount of any supplement provided for program changes and contract costs. The fiscal effect of increasing the Committee's supplemental appropriation is reflected under "Program Supplements."

Modify the provisions in the bill to specify that vehicles of model year 2006 and earlier that are over 8,500 pounds (instead of over 10,000 pounds) would be exempt from testing. Beginning with model year 2007 vehicles, the weight limit for exemptions would, as under the

bill, increase to 14,000 pounds.

Require DOT to conduct a study of alternative program models for the vehicle emissions inspection program, including an examination of the possibility of remote emissions testing and testing performed by certified motor vehicle dealers that electronically transmit test results to the Department. Require DOT to submit a report by May 1, 2008, to the chief clerk of each house of the Legislature for distribution to the appropriate standing committees dealing with transportation matters.

8. DRIVER'S LICENSES USED FOR IDENTIFICATION PURPOSES FOLLOWING CANCELLATION

Joint Finance/Senate/Assembly: Specify that in cases in which a driver's license is cancelled prior to the date it would otherwise expire due to a determination that the license holder's eyesight does not meet DOT's standards for the safe operation of a vehicle, the driver's license card may be used as a valid identification card until the expiration date on the license, without requiring the holder to pay an identification card issuance fee. Specify that for a license to be used as an identification card in these circumstances, the license must be temporarily surrendered to the Department. Require the Department, upon surrender of the license, to update its records to reflect this change, to make a distinctive mark on the license to indicate that it is not valid as a driver's license, but is valid for purposes of identification, and to return the license to the holder.

9. FORESTRY PRODUCTS PERMITS

Joint Finance/Senate/Assembly: Modify a current law provision that allows DOT to issue permits for trucks that exceed length or weight limitations for the transport of exclusively peeled or unpeeled forest products on USH 2 in Iron County and Ashland County, if they are traveling from the Michigan border, as follows: (a) include the segment of USH 2 in Bayfield County from the Ashland County line through Hart Lake Road in the Town of Iron River in the location for which a permit may be issued; and (b) include wood chips or forestry biomass in the list of products that may be transported under such a permit. Define "forestry biomass" as the byproducts and waste generated by the practice of forestry. Specify that these changes would first apply to permits issued on the effective date of the bill.

10. HIGHWAY WEIGHT LIMITS FOR VEHICLES EQUIPPED WITH IDLE REDUCTION TECHNOLOGY

Joint Finance/Senate/Assembly: Specify that current law gross vehicle weight limitations or weight limitations for any one axle or axle group, including special or seasonal weight limitations, may be exceeded, in the case of a heavy-duty vehicle equipped with idle reduction technology, by not more than 400 pounds or the weight of the idle reduction technology, whichever is less. Specify, however, that this exemption applies only if the heavy-duty vehicle

operator, upon request, proves, by written certification, that the idle reduction technology is fully functional at all times. Define "heavy-duty vehicle" as the term is defined under federal law, which is a vehicle that has a gross vehicle weight rating greater than 8,500 pounds and that is powered by a diesel engine. Define "idle reduction technology" as the term is defined under federal law, which is an auxiliary power unit, advanced truck stop electrification system, or other technology that is used to reduce long-duration idling and that allows the main drive engine or auxiliary refrigeration engine to be shut down. Specify that this change would first apply to vehicles operated on the effective date of the bill.

11. FORFEITURES FOR CERTAIN OVERWEIGHT TRUCK VIOLATIONS

Joint Finance/Senate/Assembly: Modify penalty provisions for truck weight limit violations for combination trucks carrying raw forest products to specify that the forfeitures apply to all such truck combinations, instead of, under current law, only truck combinations with six or more axles.

State Patrol

1. STATE PATROL FLEET COSTS

SEG	\$1,078,200
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Governor/Joint Finance/Senate/Assembly: Provide \$550,000 in 2007-08 and \$528,200 in 2008-09 for anticipated increases in State Patrol fleet costs. These amounts would be an increase of 12.0% in 2007-08, relative to 2006-07, and a decrease of 0.4% in 2008-09, relative to 2007-08. These amounts are based on projections of miles driven by State Patrol vehicles, fuel prices, the purchase cost of vehicles, and other costs related to maintaining the vehicle fleet.

2. STATE PATROL RADIO REPLACEMENT

SEG	\$371,400
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Governor/Joint Finance/Senate/Assembly: Provide \$371,400 in 2008-09 for the first year of payments on a five-year master lease-purchase of new communication radios for State Patrol vehicles. The Department would purchase 600 radios at a total cost of \$1,584,000. The Department indicates that the replacement of the current radios is required to comply with Federal Communications Commission rules, which mandate the use of digital, narrow band equipment by 2013.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Assembly/Senate: Adjust the base budget for: (a) turnover reduction (-\$3,607,200 SEG and -\$54,500 FED annually); (b) removal of noncontinuing elements (-\$207,100 SEG, -3.00 SEG positions, and -5.00 FED positions in 2007-08 and -\$257,500 SEG, -3.00 SEG positions, -\$53,100 FED, and -6.00 FED positions in 2008-09); (c) full funding of continuing position salaries and fringe benefits (\$10,375,300 SEG, \$887,100 FED, \$54,100 SEG-S, and -\$100,500 PR annually); (d) overtime (\$2,841,800 SEG, \$75,800 FED, \$14,500 SEG-S, and \$172,000 PR annually); (e) night and weekend salary differentials (\$265,200 SEG, \$5,400 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$12,200 SEG annually).

	Funding	Positions
SEG	\$19,310,000	- 3.00
FED	1,774,500	- 6.00
SEG-S	137,800	0.00
PR	143,000	0.00
Total	\$21,365,300	- 9.00

2. MAINTENANCE AND UTILITY FUNDING

SEG	\$968,200
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Governor/Joint Finance/Senate/Assembly: Provide \$484,100 annually in the departmental management and operations appropriation for building and grounds maintenance costs associated with the Department's commercial motor vehicle size and weight enforcement facilities and for increased utility costs at other facilities management by the Department. As part of a reorganization of responsibilities, the Department's Division of Business Management (DBM) is assuming the responsibility for the maintenance of the 13 commercial motor vehicle enforcement facilities from the Division of State Patrol (DSP). Of the amount provided by the bill, \$237,700 annually would be to allow DBM to assume the maintenance costs of those facilities. There is no corresponding decrease in funding for DSP to reflect this transfer. Three of the enforcement facilities have either recently been expanded or are in the process of expansion, which is expected to increase the utility costs at those facilities. Another \$33,200 annually would be for projected increases in utility costs associated with an expansion of these three facilities. Finally, \$213,200 annually would be for increases in the cost of utilities for all other Department-managed buildings and facilities.

3. RENT COSTS FOR DIVISION OF MOTOR VEHICLES SERVICE CENTERS

SEG	\$355,000
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Governor/Joint Finance/Senate/Assembly: Provide \$203,000 in 2007-08 and \$152,000 in 2008-09 in the departmental management and operations appropriation for costs associated with the move of the Division of Motor Vehicles service centers in Madison (west Madison location) and Waukesha. It is anticipated that both service centers will be moved to new locations during 2007-08. The funding in the bill would cover moving costs and anticipated

higher rent costs.

4. DEPARTMENTAL REALIGNMENT

Governor/Joint Finance/Senate/Assembly: Provide \$1,067,800 FED, \$146,400 SEG and 2.00 SEG positions annually and delete \$150,100 SEG-S and 2.05 SEG-S positions annually associated with a realignment of departmental funding and

	Funding	Positions
FED	\$2,135,600	0.00
SEG	292,800	2.00
SEG-S	<u>- 300,200</u>	<u>- 2.05</u>
Total	\$2,128,200	- 0.05

functions between divisions and bureaus. Although this item generally reflects the movement of funding and functions between appropriations, it results in a net increase in funding in FED and SEG appropriations. The net increase in FED funding reflects standard budget adjustments to the appropriations for departmental management and operations (\$1,918,800 annually) and administration and planning (-\$851,000 annually). Normally, these adjustments would have been included in the standard budget adjustment decision items, but were included in this departmental reorganization decision item in the bill. The net increase in SEG funding reflects the conversion of 2.0 SEG-S positions and associated funding in the Department's printing service center to 2.0 SEG-funded positions in the departmental management and operations appropriation. Other adjustments generally reflect the transfer of funding and positions from various program areas to the Department's Division of Business Management, to reflect a centralization of certain functions, such as facilities management and data processing. In addition, 0.05 SEG-S vacant position and associated funding of \$3,700 SEG-S would be eliminated in the Department's service center appropriation for data processing services.

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS AUTHORITY

1. MODIFY BOARD MEMBERSHIP, ELIMINATE LIMIT ON BONDING, AND OTHER CHANGES

Joint Finance/Senate/Assembly: Delete current law governing: (a) the review by the Joint Finance Committee of the lease agreement between the University of Wisconsin Hospital and Clinics Authority (UWHCA) and the University of Wisconsin Board of Regents; (b) the power of the Joint Finance Committee to terminate the lease agreement or the affiliation agreement between the UWHCA and the Board of Regents; and (c) the authority of the Joint Finance Committee to recommend legislation in the event that the lease agreement or the affiliation agreement has been terminated.

Modify current law relating to the UWHCA Board such that: (a) Board members would be appointed to 5-year terms, rather than 3-year terms; (b) each Co-Chairperson of the Joint Finance Committee could designate a member of the Legislature to serve on the UWHCA Board, rather than a member of the Committee; and (c) three members, to be nominated by the UWHCA Board of Directors and appointed by the Governor, subject to Senate confirmation, would be added to the Board. Specify that the initial appointments of the three new members would be appointed to terms of 3-, 4-, and 5-years so that memberships would be staggered. Provide that the Board membership of the University of Wisconsin Hospital and Clinics Board (UWHCB) would be similar in composition to the proposed board of the UWHCA. Provide that eight members would constitute a quorum for the purposes of the UWHCA and the UWHCB.

Delete the limit on the amount of bonds the UWHCA can issue, which is \$235,000,000 under current law. Prohibit UWHCA from issuing bonds unless one of the following applies: (a) the bonds or indebtedness are a refinancing of existing bonds or indebtedness; (b) the Authority has a bond rating from a major rating agency of better than A, the Authority has provided notice to the Joint Finance Committee of the bond rating of the Authority, the amount of the proposed bonds or indebtedness, and the proposed use of the proceeds, and the Joint Finance Committee has not notified the Authority within 30 working days after the receipt of the notice that the Joint Finance Committee has scheduled a meeting to review the proposed bonds or indebtedness; or (c) the Joint Finance Committee votes to approve the amount of the bonds or indebtedness.

Delete obsolete references to a one-time transfer of funds that occurred in 1996 and to "carry-over employees." Delete current law that prohibits the UWHCA from accepting research grants in which the grant investigator is an employee of the UW Board of Regents. Delete the phrase "comprehensive, high-quality" from current law relating to the purpose of the UWHCA. Delete current law that: (a) requires UWHCA to use the Building Commission as a financial consultant to assist and coordinate the issuance of bonds; (b) requires the UWHCA to operate a poison control center; and (c) states UWHCA is subject to Chapter 150 of the statutes, which would result in

UWHCA being subject to Chapter 150 (regulating health providers) to the same extent that other hospitals are subject to that Chapter. Clarify current law relating to collective bargaining by referencing the Authority. Delete current law that authorizes the State Superintendent of Public Instruction to apply to the Board of Directors of the UWHCA for the admission to Hospitals and Clinics of any pupil at the Schools for the Deaf and Hard of Hearing and for the Blind and the Visually Impaired and the rate charged for the treatment of such pupils.

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS BOARD

1. STAFF AND SALARY INCREASES

	Funding	Positions
PR	\$51,865,000	91.03

Governor/Joint Finance/Senate/Assembly: Provide
\$25,932,500 annually and 91.03 positions for the following: (a)
\$13,744,200 annually for classified position salaries; (b) \$12,197,500 annually for fringe benefits;
and (c) a reduction of \$9,200 annually for supplies and services. Current law permits the Board
to create positions without legislative action. The additional positions would reflect the
position levels at the Board in 2006-07.

UNIVERSITY OF WISCONSIN SYSTEM

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$92,870,400
PR	<u>28,931,400</u>
Total	\$121,801,800

Governor/Joint Finance/Senate/Assembly: Provide adjustments to base budget of \$45,707,400 GPR and \$15,193,500 PR in 2007-08 and \$47,163,000 GPR and \$13,737,900 PR in 2008-09 for: (a) full funding of classified pay plan provisions beyond general wage adjustments (\$5,279,000 GPR and \$1,752,700 PR annually); (b) 75% funding of the April 1, 2007, 2.25% pay plan adjustment for unclassified, classified, and graduate assistants (\$14,294,900 GPR and \$6,056,000 PR annually); (c) full funding of 2004-05 and 2005-06 craftworker pay plan increases (\$700,700 GPR and \$241,000 PR annually); (d) full funding of fringe benefits (\$23,787,400 GPR and \$6,670,800 PR in 2007-08 and \$25,243,000 GPR and \$5,215,200 PR in 2008-09); (e) full funding of Smith-Lever cooperative extension pay plan for 2005-06 and 2006-07 (\$269,700 GPR annually); and (f) full funding for discretionary compensation adjustments and performance recognition awards paid in 2004-05 and 2005-06 (\$1,375,700 GPR and \$473,000 PR annually).

2. REESTIMATE DEBT SERVICE [LFB Paper 175]

GPR	\$32,964,900
PR	<u>22,320,200</u>
Total	\$55,285,100

Governor/Joint Finance/Senate/Assembly: Provide \$14,900,500 GPR and \$7,301,300 PR in 2007-08 and \$18,064,400 GPR and \$15,018,900 PR in 2008-09 to reflect a reestimate of debt service. Annual base level funding for these appropriations is \$119,506,500 GPR and \$63,829,100 PR.

3. FUEL AND UTILITY EXPENSES

GPR	\$23,464,900
PR	<u>12,101,000</u>
Total	\$35,565,900

Governor/Joint Finance/Senate/Assembly: Provide \$7,768,200 GPR and \$4,058,900 PR in 2007-08 and \$15,696,700 GPR and \$8,042,100 PR in 2008-09 for increases in fuel and utility costs. The funding provided reflects increased fuel and utility costs related to new space; operational costs related to the UW-Madison co-generation electric power and steam and chilled water facility; and expected changes in commodity prices.

4. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Restore 146.42 power plant and wastewater treatment facility positions at UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Madison, UW-Milwaukee, UW-Oshkosh, UW-Parkside (Kenosha), UW-Platteville, UW-River Falls, UW-Stevens Point, UW-Stout (Menomonie), UW-Superior, and UW-Whitewater. [See "Administration -- General Agency Provisions."]

Joint Finance/Senate/Assembly: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (146.42 (GPR) positions annually) will be reflected in the adjusted base position counts.

5. UW-MADISON INTERCOLLEGIATE ATHLETICS [LFB Paper 827]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$23,350,400	- \$5,250,000	\$18,100,400

Governor: Provide \$9,873,200 in 2007-08 and \$13,477,200 in 2008-09 for: (a) general program operations (\$5,050,400 in 2007-08 and \$8,544,600 in 2008-09); (b) National Collegiate Athletic Association legislative changes allowing additional home games (\$2,197,800 in 2007-08 and \$2,307,600 in 2008-09); and (c) University Ridge Golf Course (\$2,625,000 annually). This program revenue includes receipts from athletic events, camps, clinics, the University Ridge golf course, and gifts. Annual base level funding is \$63,689,500. In November, 2006, the Joint Finance Committee approved a one-time increase in expenditure authority of \$5,861,900 for UW-Madison intercollegiate athletics in 2006-07. This additional expenditure authority is being used to support the expansion of the University Ridge golf course, additional football and men's basketball home games, increased guarantees paid to visiting teams, and operating expenses associated with Camp Randall stadium and the Porter boathouse above those estimated during the previous budget cycle.

Joint Finance/Senate/Assembly: Delete \$2,625,000 annually to reflect a decision by the UW-Madison athletics board to forgo plans to create an academy course at the University Ridge golf course.

6. REESTIMATE AUXILIARY OPERATIONS AND GENERAL OPERATING RECEIPTS

PR	\$76,115,700
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Governor/Joint Finance/Senate/Assembly: Provide \$25,021,600 in 2007-08 and \$51,094,100 in 2008-09 to reestimate revenues for auxiliary operations and general operating receipts to reflect projected growth and cost increases. The programs provided by auxiliary enterprises and general operating receipts are self-supporting through the collection of student segregated fees and the sale of goods and services. Auxiliary enterprises include student housing, parking, bookstores, student health services, student unions, intercollegiate athletics, and a variety of other services. General operating receipt activities include such activities as conferences, camps, workshops, clinics, outreach programs in business, education, and engineering, and sales from products or services resulting from instructional endeavors. Annual base level funding is \$684,124,600.

7. REESTIMATE GIFT FUNDS

PR	\$36,954,000
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Governor/Joint Finance/Senate/Assembly: Provide \$12,308,700 in 2007-08 and \$24,645,300 in 2008-09 for gifts donated to the University of Wisconsin System. These increases reflect projected growth in private gifts and bequests and corporate donations as well as related expenditures. Annual base level funding is \$451,479,300.

8. REESTIMATE TRUST FUND INCOME

SEG	\$2,648,800
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Governor/Joint Finance/Senate/Assembly: Provide \$872,500 in 2007-08 and \$1,776,300 in 2008-09 for projected growth in trust fund income. Trust funds are donated by individuals, corporations, and non-profit organizations and can be used for specific purposes or as discretionary funds. Trust fund interest income is used for such items as scholarships, loans, books, and medical equipment. Annual base level funding is \$24,302,400.

9. SLH -- IMPLIED CONSENT DRUG TESTING

	Funding	Positions
PR	\$400,000	2.00

Governor/Joint Finance/Senate/Assembly: Provide \$200,000 annually and 2.0 senior chemist positions beginning in 2007-08 to fund drug testing under the implied consent laws by the State Lab of Hygiene (SLH). Under those laws, any person who drives or operates a motor vehicle on public highways is deemed to have consented to the testing of his or her breath, urine, or blood for alcohol, controlled substances, and other drugs. Most of this testing is performed by the SLH. Implied consent testing is funded by a driver improvement surcharge that is imposed on all individuals who have been convicted of operating while intoxicated (OWI).

10. TUITION AND FEE REMISSIONS FOR THE CHILDREN OF CERTAIN VETERANS

Governor/Joint Finance/Senate/Assembly: Delete the requirement that the children of certain veterans be enrolled as full-time students to receive tuition and fee remissions. In addition, modify current law such that the children of certain veterans are eligible for tuition remissions provided they are at least 17 years old. These changes would first apply to students enrolled in the 2007-08 academic year. Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or 8 semesters, whichever is longer, to a student who is the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty, died as the result of a service-connected disability, or died in the line of duty, provided that the students is at least 18 years old but not yet 26 years old and enrolled full-time.

11. VETERINARY DIAGNOSTIC LAB -- AVIAN INFLUENZA TESTING

	Funding	Positions
PR	\$400,000	2.00

Governor/Joint Finance/Senate/Assembly: Provide \$200,000 annually and 2.0 positions beginning in 2007-08 to participate in the United States Department of Agriculture's avian influenza surveillance program. Program participation would require the Veterinary Diagnostic Lab (VDL) to test samples received from the federal government and other state agencies for the avian flu. The VDL estimates that this program would generate revenues sufficient to cover costs.

12. PROGRAMS RELATED TO MEDICAL PRACTICE IN UNDERSERVED URBAN AND RURAL AREAS

GPR	\$400,000
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Joint Finance/Senate/Assembly: Provide \$400,000 in 2008-09 over base funding of \$8,571,200 for the Department of Family Medicine in the UW School of Medicine and Public Health. Specify that this funding would be used to support the Wisconsin Academy for Rural Medicine, the Academy for Center-city Medical Education, and the Wisconsin Scholars Academy programs. Require that the UW School of Medicine and Public Health would have to receive \$400,000 in gifts and grants from private sources in a fiscal year in order to receive this funding in that fiscal year.

13. PROVIDE INFORMATION RELATED TO SEGREGATED FEES ON TUITION BILLS

Joint Finance/Senate/Assembly: Require each UW System campus to provide information on segregated fees on the internet website of the institution. Specify that this information would include: (a) the amount of allocable and non-allocable fees; and (b) information related to the organizations and activities that receive funds generated by the allocable portion of fees. Require that each student's tuition bill: (a) itemize the amount of tuition and the amount of segregated fees; and (b) show the internet web address where information related to segregated fees is provided.

14. LIMITED APPOINTMENTS AND CONCURRENT AND BACK-UP POSITIONS

Joint Finance/Senate/Assembly: Require an annual report from the UW System to the Governor and the Legislature relating to the number of employees with limited appointments, back-up positions, and concurrent appointments.

15. INFORMATION ON INSTRUCTOR

Joint Finance/Senate/Assembly: Require each UW System institution to provide certain information to students at the time of registration. This information would include who would be teaching the course on a daily basis and whether that individual is a tenured or probationary

faculty member, an academic staff person, or a teaching assistant.

16. TRANSFER REQUIREMENT

Joint Finance/Senate/Assembly: Require the UW System to transfer \$15,000,000 annually in fiscal years 2007-08 through 2010-11 to the medical assistance trust fund from its PR appropriation for general operations receipts. [See "Health and Family Services -- Medical Assistance -- General" for more information on this item.]

VETERANS AFFAIRS

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide standard budget adjustments totaling -\$142,300 GPR, \$32,100 FED, \$5,119,400 PR, and \$63,500 SEG annually. Adjustments are for: (a) turnover reduction (-\$335,300 PR and -\$160,600 SEG annually); (b) removal of noncontinuing elements from the base (-\$142,300 GPR, -\$393,500 PR, and -\$11,900 SEG annually); (c) full funding of continuing salaries and fringe benefits (\$32,100 FED, \$3,837,800 PR, and \$236,000 SEG annually); (d) overtime (\$956,600 PR annually); (e) night and weekend differential (\$1,053,800 PR annually); and (e) minor offsetting transfers within the same appropriation.

GPR	- \$284,600
FED	64,200
PR	10,238,800
SEG	127,000
Total	\$10,145,400

2. DEBT SERVICE REESTIMATES

Governor/Joint Finance/Senate/Assembly: Reestimate the agency's debt services requirements by \$83,000 GPR, \$74,800 PR, and \$3,284,600 SEG in 2007-08 and \$71,900 GPR, \$1,018,600 PR, and \$1,964,400 SEG in 2008-09 for the following programs: (a) facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center (\$83,000 GPR and \$74,800 PR in 2007-08 and \$71,900 GPR and \$1,018,600 PR in 2008-09); (b) borrowing for the veteran mortgage loan program (\$3,284,300 SEG in 2007-08 and \$1,964,600 SEG in 2008-08); and (c) capital construction at the Southern Wisconsin Memorial Cemetery (\$300 SEG in 2007-08 and -\$200 SEG in 2008-09).

GPR	\$154,900
PR	1,093,400
SEG	5,249,000
Total	\$6,497,300

3. BONDING AUTHORITY INCREASE FOR THE PRIMARY MORTGAGE LOAN PROGRAM

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	\$50,000,000	\$35,000,000	\$85,000,000

Governor: Provide an increase in bonding authority for the primary mortgage loan program of \$50,000,000. The total bonding authority for the program would increase from \$2,120,840,000 to \$2,170,840,000 under this request. Bond proceeds are used to issue primary mortgage loans to Wisconsin veterans.

Joint Finance/Senate/Assembly: Provide an additional \$35,000,000 of bonding authority

for the primary mortgage loan program. The total bonding authority would increase from \$2,120,840,000 to \$2,205,840,000.

4. REALLOCATION OF POSITIONS

Governor/Joint Finance/Senate/Assembly: Provide \$892,700 PR and 9.18 PR positions and -\$892,600 SEG and -9.18 SEG positions annually for the reallocation of positions at the Wisconsin Veterans Homes at King and Union Grove, administration of loans and aids to veterans, and general program operations of the primary mortgage loan repayment fund as shown in the table below:

	Funding	Positions
PR	\$1,785,400	9.18
SEG	-1,785,200	-9.18
Total	\$200	0.00

Annual Transfer of Positions and Funding Authority

Positions

	Source	Classified Positions	Unclassified Positions	Total Positions
Wisconsin Veterans Home at Union Grove	PR	7.35	0.45	7.80
Wisconsin Veterans Home at King	PR	1.32	0.06	1.38
Primary Mortgage Loan Operations	SEG	-16.40	-1.20	-17.60
Administration of Loans and Aids	SEG	<u>7.73</u>	<u>0.69</u>	<u>8.42</u>
Total		0.00	0.00	0.00

Funding

	Source	Salary and Fringe Benefits	LTE	Supplies and Services	Permanent Property	Unallotted Reserves	Total
Wisconsin Veterans Home at Union Grove	PR	\$694,000	\$0	\$39,300	\$0	\$0	\$733,300
Wisconsin Veterans Home at King	PR	112,900	0	46,500	0	0	159,400
Primary Mortgage Loan Operations	SEG	-1,650,400	-18,600	-486,400	-20,400	-72,600	-2,248,400
Administration of Loans and Aids	SEG	<u>843,500</u>	<u>18,600</u>	<u>400,700</u>	<u>20,400</u>	<u>72,600</u>	<u>1,355,800</u>
Total		\$0	\$0	\$100	\$0	\$0	\$100

The modifications are for the following reasons: (a) increased workload related to the start-up and expansion of the Wisconsin Veterans Home at Union Grove, including an 120-bed skilled nursing facility; (b) shifts in workload related to the expansion of programs funded by the veterans trust fund; and (c) reduced activity of the mortgage loan repayment fund.

5. DOCUMENT IMAGING OF VETERANS' BASEFILES

SEG	\$690,000
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Governor/Joint Finance/Senate/Assembly: Provide one-time funding of \$390,000 in 2007-08 and \$300,000 in 2008-09 for electronic document images of veteran basefiles. Under the bill, funding would be provided by the veterans trust fund (\$156,000 in 2007-08 and \$120,000 in 2008-09) and from the mortgage loan repayment fund (\$234,000 in 2007-08 and \$180,000 in 2008-09). It is estimated that there are approximately 288,000 basefiles that hold approximately 5.8 million paper documents. Funding would support the purchase of hardware and software, and the hiring of staff to do the document imaging. Basefiles may include reports of separation from the military, residency affidavits, grant applications (including any supporting documents required), proof of mortgage loan eligibility, denial letters, appeal letters, and marriage and death certificates.

6. INTERAGENCY LIAISON [LFB Paper 837]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$180,600	1.00	-\$180,600	-1.00	\$0	0.00

Governor: Create a GPR appropriation for the administration of loans and aids to veterans. Provide \$80,100 in 2007-08 and \$100,500 in 2008-09 and 1.0 classified position annually under this appropriation for an interagency liaison to coordinate the activities of all state agencies providing veterans services.

Joint Finance/Senate/Assembly: Delete provision.

7. EXHIBIT FUNDING FOR VETERANS MUSEUM [LFB Paper 838]

GPR	\$150,000
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Governor/Joint Finance/Senate/Assembly: Provide one-time funds of \$150,000 in 2008-09 for the development of an exhibit on the Iraq War at the Wisconsin Veterans Museum in Madison. Funds would be provided for structural alterations, custom casework, graphic design, photographic reproduction, lighting, and carpentry services for a three-dimensional exhibit at the museum.

8. VETERANS MUSEUM AUDIO AND LIGHTING UPGRADES [LFB Paper 838]

GPR	\$143,000
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Governor/Joint Finance/Senate/Assembly: Provide one-time funding of \$143,000 in 2007-08 for the following: (a) \$101,500 for audio-visual system that would include digital recordings, sound effects management, audio-visual zoning (information provided based on your proximity to displays), and wireless microphones; (b) \$29,500 for the replacement of seven 4' x 12' banners, used to advertise the museum; and (c) \$12,000 for six water leak detection

devises, two security cameras, and four access card readers for the museum.

9. VETERANS MUSEUM CURATOR [LFB Paper 838]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$120,900	1.00	-\$120,900	- 1.00	\$0	0.00

Governor: Provide \$55,700 in 2007-08 and \$65,200 in 2008-09 and 1.0 classified position annually for a curator at the Wisconsin Veterans Museum in Madison. Currently, the museum has 3.0 curator positions funded from the segregated veterans trust fund.

Joint Finance/Senate/Assembly: Delete provision, but allow the Department to convert 1.0 FTE existing marketing specialist position within the museum operations appropriation into a curator position.

10. NATIONAL GUARD MUSEUM STAFFING [LFB Paper 838]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$45,700	0.20	-\$45,700	- 0.20	\$0	0.00

Governor: Provide \$25,100 in 2007-08 and \$20,600 in 2008-09 and 0.2 classified position annually for the following at the Wisconsin National Guard Museum at Volk Field: (a) \$9,400 and 0.2 position annually for salary and fringe benefits for converting the curator position from 80% to a full-time position; (b) \$11,200 annually for a 0.5 limited-term employee to work at the museum; and (c) one-time funding of \$4,500 in 2007-08 for a computer and workstation for the limited-term employee. The 0.8 FTE curator position is currently funded from the segregated veterans trust fund.

Joint Finance/Senate/Assembly: Delete provision.

11. OPERATING COSTS AT THE VETERANS CEMETERY AT KING

FED	\$25,000
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Governor/Joint Finance/Senate/Assembly: Provide \$12,500 annually for equipment and operating costs at the veteran's cemetery at King. Base level funding for the federal continuing appropriation is \$12,500.

12. FEE REVENUE FOR BURIAL OF VETERANS' SPOUSES AND
DEPENDANTS

PR	\$14,000
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Governor/Joint Finance/Senate/Assembly: Provide \$7,000 annually associated with increased revenues from fees assessed to unremarried spouses and dependants of veterans that are interred at veterans cemeteries. Under current Department rules, the Department may not charge a fee for the interment of a veteran, but may charge fees for the interment of spouses, unremarried spouses and dependants of veterans. Currently, the Department assesses \$450 for such burials or cremations. Base level funding for this appropriation is \$5,000 annually.

13. ADMINISTRATIVE POSITIONS [LFB Paper 835]

Joint Finance/Senate/Assembly: Delete \$106,100 PR and 1.82 PR positions, and \$350,800 SEG and 5.68 SEG positions annually as follows: (a) -\$238,300 SEG for salaries and fringe benefits and -\$4,800 SEG for supplies and services annually for 4.01 SEG positions annually under the administration of loans and aids to veterans appropriation; (b) -\$103,900 PR for salaries and fringe benefits and -\$2,200 PR for supplies and services annually for -1.82 PR position annually under the veterans homes institutional operations appropriation; and (c) -\$105,700 SEG for salaries and fringe benefits and -\$2,000 SEG for supplies and services annually for -1.67 SEG positions annually under the administration of the mortgage loan repayment fund appropriation.

	Funding	Positions
PR	-\$212,200	- 1.82
SEG	- 701,600	- 5.68
Total	-\$913,800	- 7.50

Aids to Veterans and Veterans Organizations

1. VETERAN EDUCATION GRANTS [LFB Paper 835]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	-\$1,815,600	-\$1,939,100	-\$3,824,700

Governor: Provide -\$669,200 in 2007-08 and -\$1,216,400 in 2008-09 to reflect fewer reimbursement requests for veteran education grants. Base funding for the program is \$3,832,200. Total funding would be \$3,163,000 in 2007-08 and \$2,615,800 in 2008-09.

Under current law, the UW System Board of Regents and each technical college district board must remit 50% of tuition and fees, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, for a student who meets the following qualifications: (a) is a qualified veteran as defined in Chapter 36 of the statutes; (b) is a resident of this state as defined in Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. Beginning in academic year 2007-08 the amounts remitted increase to 100%.

The Department of Veterans Affairs must reimburse veteran students for tuitions and fees not remitted at any eligible institution (eligible institutions include any UW System institution or center, Wisconsin Technical College System (WTCS) institution, private school approved by the Educational Approval Board, private or public high school or similar institution with a tuition reciprocity agreement with Wisconsin). If the veteran student is also eligible for DVA's veterans education grant program, the student could be reimbursed for the amounts not remitted by the UWS or WTCS institution, up to 100% of the cost of undergraduate tuition and fees, minus any other grants or scholarships received by the veteran, with a maximum reimbursement based on the costs of a UW-Madison resident undergraduate. If a veteran is eligible for the veterans education grant program, attends an institution outside of the UW-System or WTCS, or qualifies for the Department's education grant program but not remittance from the UW-System or WTCS, then DVA must pay all tuition and fees up to 100% of the UW-Madison's rate for resident undergraduate students.

Joint Finance/Senate/Assembly: Reduce the amounts provided for the Department's tuition reimbursement appropriation by an additional \$1,364,900 in 2007-08 and \$574,200 in 2008-09 to reflect estimates of anticipated need.

2. RETRAINING GRANTS

SEG	\$36,000
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Governor/Joint Finance/Senate/Assembly: Provide \$18,000 annually for veteran's retraining grant program. The program provides grants of up to \$3,000 a year for up to two years, based on financial need, to qualifying veterans in need of job retraining. Generally, the veteran must: (a) be accepted or enrolled at a state technical college or certified structured on-the-job training program; (b) meet DVA's financial assistance criteria; (c) be unemployed, underemployed or in receipt of a notice of termination in the year before applying for a grant (but must have been employed for at least six months prior to the loss of or reduction in employment); (d) plan to enter a retraining program that could lead to gainful employment; and (e) not be receiving assistance under the Department's educational grant programs for the same period. Base level funding for the program is \$192,000 annually.

3. ASSISTANCE TO VETERANS AND THEIR DEPENDANTS

Governor/Joint Finance/Senate/Assembly: Modify the Department's federal continuing appropriation that currently provides education assistance to veterans and war orphans, so that the appropriation would instead support assistance to veterans and their dependants or the operation of DVA facilities for any purpose authorized by law.

4. FEDERAL PER DIEM GRANTS FOR HOMELESS VETERANS

FED	\$291,400
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Governor/Joint Finance/Senate/Assembly: Provide \$145,700 annually for homeless per diem grants provided by the federal government to the Northern Wisconsin Center at Chippewa Falls. The Department is requesting federal authority to operate 30 beds at the

Northern Wisconsin Center at a rate of \$29.31 per day. If approved by the federal government and if all beds were filled during each day of the fiscal year then federal per diem payments would total \$320,900 annually. The Legislature approved expenditure authority of \$167,700 in 2005-06 and \$175,200 in 2006-07 under 2005 Wisconsin Act 25 to relocate beds from the Fort McCoy to the Northern Wisconsin Center and increase the number of beds from 14 to 30. This funding was placed in unallotted reserve pending federal approval of the expansion and \$175,200 annually remains in the agency's base budget.

5. VETERANS ASSISTANCE PROGRAM [LFB Papers 844 and 845]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$200,000	- \$75,000	\$125,000

Governor: Create a GPR veterans assistance appropriation and provide \$100,000 annually. The veterans assistance program, which provides temporary housing, counseling, access to medical services, and training to homeless veterans, or veterans at high risk of becoming homeless, to assist them in becoming self-supporting. The Executive Budget Book indicates that the GPR funding would support assistance to veterans with post traumatic stress disorder. It should be noted that provisions of the bill do not specify that this money would be directed for that specific purpose.

Under current law, the veterans assistance program is supported from the veterans trust fund, which is appropriated at \$723,900 SEG annually (including standard budget adjustments). Under the bill, total assistance for the veterans assistance program would be \$823,900 (all funds) annually.

Joint Finance/Senate/Assembly: Delete \$25,000 in 2007-08 and \$50,000 in 2008-09 and specify that funding would be provided on a one-time basis. Sunset the appropriation on June 30, 2009. Require the Department to provide information on the number of veterans that were referred to Veterans Administration hospitals, veterans centers or any other health care facility as a result of telemedicine facilities to the Governor and the chair of the standing committee formed in each house for oversight of veteran's issues. Require \$15,000 annually of the amounts be provided to the Center for Veterans Issues (Milwaukee) for providing outreach services to homeless veterans with post-traumatic stress disorder.

Require the Department to provide post-traumatic stress disorder services, including: (a) outreach services to service members and veterans who may be experiencing post-traumatic stress disorder; and/or (b) information on the availability of post-traumatic stress disorder medical services and referrals to those services.

6. **VETERANS ASSISTANCE PROGRAM OPERATIONAL COSTS**

SEG	- \$450,000
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[LFB Paper 835]

Joint Finance/Senate/Assembly: Delete \$450,000 in 2008-09 from the veterans assistance program appropriation, relating to contracting with the Center for Veterans Issues for the operation of the veterans assistance facilities at King and Union Grove.

7. **MILITARY FUNERAL HONORS**

GPR	\$57,000
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Governor/Joint Finance/Senate/Assembly: Provide \$28,500 annually for an increased number of \$50 reimbursement payments to veterans organizations that provide honor guard details at military honors funerals. Base funding for the program is \$175,500 annually.

8. **OUTREACH SERVICES AT THE CENTER FOR VETERANS ISSUES** [LFB Papers 844 and 845]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$50,000	-\$50,000	\$0

Governor: Provide \$25,000 annually for payments to the Center for Veterans Issues (Milwaukee) for providing outreach services to homeless veterans. Create an annual GPR appropriation in DVA for providing these grants. Specify that no funding could be expended from this appropriation after June 30, 2009.

The Center for Veterans Issues is a non-profit organization that provides transitional housing, training and employment services, drug and alcohol counseling, community outreach and financial services to veterans in the Milwaukee metropolitan area.

Joint Finance/Senate/Assembly: Delete provision, but specify that \$15,000 GPR annually of the amounts provided for post-traumatic stress disorder under the veterans assistance program must be provided to the Center for Veterans Issues in Milwaukee.

9. **"MISSION WELCOME HOME" OUTREACH SERVICES** [LFB Paper 846]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$50,000	-\$16,000	\$34,000

Governor: Provide \$25,000 annually for grants to eligible persons who administer a program to identify, train, and place volunteers at the community level to assist National Guard members, members of the U.S. armed forces, and members incorporated in the U.S. armed forces, and their spouses and dependents, who return to this state after serving on active duty.

Under current law, DVA is required to provide materials to these volunteers, veterans, their spouses and dependents, which contain information about state and federal benefits for veterans and their families. Base funding for the program is \$25,000 annually. However, current law specifies that the program will sunset after June 30, 2007, including the appropriation that supports the program. Base funding is removed as a standard budget adjustment. Under the bill's provisions, the sunset dates are not removed.

Joint Finance/Senate/Assembly: Delete \$8,000 annually and specify that funding could not be expended from the appropriation after June 30, 2009.

10. AMERICAN INDIAN VETERANS SERVICES

PR	\$44,000
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Governor/Joint Finance/Senate/Assembly: Provide \$22,000 annually from tribal gaming revenues for outreach assistance grants the American Indian veterans services. Base level funding for this program is \$34,000 annually. Currently, four Native American tribes apply for the maximum grant of \$8,000 per tribe. The Department anticipates three additional tribes applying for these grants, bringing total funding to \$56,000 annually.

11. COUNTY VETERANS SERVICE OFFICER GRANTS [LFB Paper 847]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$34,900	\$20,500	\$55,400

Governor: Provide \$26,400 in 2007-08 and \$8,500 in 2008-09 for increased grants to counties for their county veterans service officers (CVSO). The provision would provide \$4,000 annually for increased grants due to projected population increases in Jackson, Taylor, Calumet and Polk counties; \$4,500 in 2008-09 for increased grants due to projected population increases in Dunn, Monroe, and Sheboygan counties; and \$22,400 in 2007-08 for shortfalls in previous funding.

Under current law, DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the Department. Each county must have a CVSO and must provide the CVSO with office space and clerical assistance. The primary duties of a CVSO are: (a) to advise veterans of any benefits to which they may be entitled and to provide assistance regarding any complaint or problem arising from such services; (b) make reports to their county board; (c) cooperate with federal and state officials that provide aids or benefits to veterans; and (d) furnish information about burial benefits within the county. These duties are required to be performed separately and distinctly from any other county department. A county's grant to support these activities is based on whether the CVSO is full-time or part-time and the county's population. Reimbursement for full-time CVSO's are: (a) \$8,500 per year for counties with a population under 20,000; (b) \$10,000 per year for counties with a population from 20,000 to 45,499; (c) \$11,500 per year for counties with a population between 45,500 and 74,999; and (d) \$13,000 per year for counties with more than

75,000 people. Counties with part-time CVSO's are eligible for a \$500 reimbursement.

Joint Finance/Senate/Assembly: Provide an additional \$17,000 SEG in 2007-08 and \$3,500 in 2008-09 for county veterans service office reimbursements, including the following: (a) \$10,200 SEG in 2007-08 and \$2,100 SEG in 2008-09 from the mortgage loan repayment fund; and (b) \$6,800 SEG in 2007-08 and \$1,400 SEG in 2008-09 from the veterans trust fund.

12. ELIGIBILITY FOR BURIAL IN VETERANS CEMETERIES

Governor/Joint Finance/Senate/Assembly: Specify that a person would be eligible for burial at a state veterans cemetery if the person died while on active duty or was discharged or released from active duty in the U.S. armed forces under any *conditions other than dishonorable*. Under current law, a person must have been released under *honorable conditions* in order to be eligible for burial in a Wisconsin veterans cemetery. As under current law, eligibility is limited to resident veterans, their surviving spouses and their dependant children.

13. ASSISTANCE TO NEEDY VETERANS

SEG	\$192,000
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Joint Finance/Senate/Assembly: Provide \$96,000 annually to the assistance to needy veterans appropriation related to the following: (a) increase the maximum amount that may be provided to an eligible veteran for subsistence aid grants from \$2,000 to \$3,000 within any 12-month period; (b) increase the lifetime maximum for assistance to needy veterans from \$5,000 to \$7,500; and (c) delete current statutory maximums for vision, dental and hearing care for health care aid grants.

The assistance to needy veterans program provides two distinct types of service: (a) assistance for health care costs; and (b) subsistence aid. The 2005-07 biennial budget established a \$5,000 lifetime maximum for these grants. Under current DVA rules, an applicant must earn less than 130% of the federal poverty level to be eligible for these grants. An unremarried spouse or dependant of a veteran that died while on active duty (including training) are also eligible to receive either of these grants

The health care component provides emergency assistance to financially needy veterans to help pay for medical treatment and hospitalization. This program covers costs related to dental care, hearing aids and eyeglass costs. Currently, over any 12-month period, grants for a veteran may not exceed \$500 for vision care, \$1,500 per ear for hearing care, and \$2,500 for dental care.

The subsistence aid portion of the program provides temporary emergency aid to veterans in the event of an illness, injury or natural disaster that causes a loss of income. Subsistence aid is limited to the difference between the amount of income earned before the loss of income and the amount of income earned after the loss of income. The subsistence aids are provided on a month-to-month basis or for a three-month period. Currently, payments cannot exceed \$2,000 over any consecutive 12-month period.

Homes and Facilities for Veterans

1. ENERGY COSTS [LFB Paper 850]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$3,885,000	- \$1,740,900	\$2,144,100
SEG	<u>62,900</u>	<u>0</u>	<u>62,900</u>
Total	\$3,947,900	- \$1,740,900	\$2,207,000

Governor: Provide \$1,633,000 (\$1,604,100 PR and \$28,900 SEG) in 2007-08 and \$2,314,900 (\$2,280,900 PR and \$34,000 SEG) in 2008-09 to fund projected increases in energy costs at facilities operated by DVA. This item includes funding to support energy costs at: (a) Northern and Southern Wisconsin Veterans Memorial cemeteries (\$28,900 SEG in 2007-08 and \$34,000 SEG in 2008-09); (b) the Veterans Home at King (\$1,574,200 PR in 2007-08 and \$2,126,800 PR in 2008-09); and (c) the Veterans Home at Union Grove (\$29,900 PR in 2007-08 and \$154,100 PR in 2008-09). The program revenue component of this item would be supported primarily by Veteran Home member contributions, medical assistance payments, and USVDA per diem payments. The remaining portion would be funded from the veterans trust fund.

Joint Finance/Senate/Assembly: Reduce funding for fuel and utilities at the Veterans Home at King by \$639,500 PR in 2007-08 and by \$1,101,400 PR in 2008-09 to reflect reestimates of the funding needed to support these costs.

2. OVERTIME [LFB Paper 851]

PR	\$1,473,500
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Governor/Joint Finance/Senate/Assembly: Provide \$712,100 in 2007-08 and \$761,400 in 2008-09 to fund projected increases in the cost of holiday and regular overtime pay for staff at the Veterans Home at King (\$689,000 in 2007-08 and \$713,500 in 2008-09) and at the Veterans Home at Union Grove (\$23,100 in 2007-08 and \$47,900 in 2008-09).

3. NIGHT AND WEEKEND DIFFERENTIAL

PR	\$360,200
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Governor/Joint Finance/Senate/Assembly: Provide \$168,900 in 2007-08 and \$191,300 in 2008-09 to fund projected increases in the cost of paying higher wages for night and weekend shifts worked by nursing staff than the wages DVA pays these staff to work other shifts, based on provisions included in union contracts.

4. **MARKETING FUNDS** [LFB Paper 852]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$200,000	-\$100,000	\$100,000

Governor: Provide \$100,000 annually to conduct a marketing study for the veterans homes for DVA to assess current and future needs for nursing home services.

Joint Finance/Senate/Assembly: Reduce funding provided by \$50,000 annually so that DVA would use the remaining \$50,000 PR annually to support a contracted nurse position to work with discharge planners at various care facilities to promote the King and Union Grove facilities (\$31,200 PR) and media marketing initiatives (\$18,800 PR) for the veterans homes.

5. **KING -- SUPPLIES AND SERVICES** [LFB Paper 853]

PR	\$4,064,200
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Governor/Joint Finance/Senate/Assembly: Provide \$1,798,600 in 2007-08 and \$2,265,600 in 2008-09 to support food, insurance, pharmacy, and other supplies and services at the Veterans Home at King. Base funding for these supplies and services is \$7,446,000 annually.

In 2005-06, DVA's costs of providing supplies and services at the King Home exceeded the amounts provided in the 2005-07 budget act for this purpose by approximately \$932,100. DVA funded this shortfall by: (a) requesting additional funding authority under s. 16.515 of the statutes (\$386,200); and (b) transferring funds budgeted for the Veterans Home at Union Grove that were not needed due to a delay in opening that facility (\$546,000). This item would increase funding to more closely reflect current costs of providing these services, as well as to support projected increases in these costs in the 2007-09 biennium.

6. **KING -- DIRECT CARE STAFF** [LFB Paper 851]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$2,533,700	30.00	-\$1,021,800	-15.00	\$1,511,900	15.00

Governor: Provide \$1,085,900 in 2007-08 and \$1,447,800 in 2008-09 with 30.0 positions, beginning in 2007-08, to increase the number of direct care staff available to serve residents of the Veterans Home at King. In his budget message, the Governor further recommends that the Department seek surplus or pool positions to address additional staffing needs.

Under current law, and at the request of the Director of the Office of State Employment Relations, the Secretary of Administration may authorize the temporary creation of pool or surplus positions under any source of funds if the Director determines that temporary positions are necessary to maintain adequate staffing levels for high turnover classifications, in

anticipation of attrition, or to fill positions for which recruitment is difficult.

Joint Finance/Senate/Assembly: Reduce funding by \$437,900 in 2007-08 and \$583,900 in 2008-09 and delete 15.0 positions, beginning in 2007-08. With this modification, \$648,000 in 2007-08 and \$863,900 in 2008-09 would be provided to support 15.0 additional direct care positions (including 4.0 registered nurses), beginning in 2007-08, to serve the residents of the Veterans Home at King.

7. KING -- LIMITED-TERM EMPLOYEES [LFB Paper 851]

PR	\$1,407,400
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Governor/Joint Finance/Senate/Assembly: Provide \$703,700 annually to increase funding for limited-term employees (LTEs) at the Veterans Home at King. Base funding for LTE staffing at King is \$1,031,300 annually.

8. KING -- RADIOLOGY EQUIPMENT [LFB Paper 853]

PR	\$110,000
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Governor/Joint Finance/Senate/Assembly: Provide one-time funding of \$110,000 in 2007-08 to replace the x-ray film processor at the Veterans Home at King.

9. KING -- NURSING STAFF TRAINING

PR	\$50,000
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Governor/Joint Finance/Senate/Assembly: Provide \$25,000 annually to support training through the Fox Valley Wisconsin Technical College for newly-hired nursing staff at the Veterans Home at King.

**10. UNION GROVE -- STATE SUBSIDIES FOR THE CARE OF
INDIGENT VETERANS AT ASSISTED LIVING FACILITIES
[LFB Paper 854]**

GPR	\$313,000
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Governor/Joint Finance/Senate/Assembly: Provide \$104,300 in 2007-08 and \$208,700 in 2008-09 to increase funding for a program that subsidizes the costs of caring for indigent veterans at assisted living facilities at Union Grove. Create a GPR annual appropriation to support these costs.

Base funding for subsidies is \$208,700 SEG annually from the veterans trust fund. The program was created in 2005 Act 25 to support veterans applying to reside at the Veterans Home at Union Grove's assisted living facility who lack other financial resources due to homelessness, incarceration, or other circumstances that DVA designates by rule. An eligible veteran or dependent may be admitted or reside in the assisted living facilities at Union Grove only if the individual has sufficient income and resources (including the subsidies) to do so, and applies these resources to fully reimburse DVA for the cost of providing care.

11. UNION GROVE -- FUNDS TO HIRE CENTER STAFF

PR	\$238,600
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Governor/Joint Finance/Senate/Assembly: Provide \$93,200 in 2007-08 and \$145,400 in 2008-09 to the Veterans Home at Union Grove to enable the facility to hire former employees of the Southern Wisconsin Center for the Developmentally Disabled whose salaries are above the minimum pay range.

12. TRANSFER FUNDS TO THE VETERANS TRUST FUND [LFB Paper 855]

Governor: Authorize DVA to transfer up to \$7,000,000 during the 2007-09 biennium from the program revenue appropriation that supports the institutional operations of the Veterans Homes if, in either year of the biennium, the balance in the appropriation is in excess of the amount needed for the care of the members of the homes and to support its employee stipend program. Delete the current provision that authorizes DVA to transfer up to \$16 million in 2006-07 if there are excess revenues in this appropriation.

The sources of program revenue for this appropriation are medical assistance payments DVA receives from the Department of Health and Family Services for caring for MA-eligible nursing home residents, per diem payments DVA receives from the U.S. Department of Veterans Affairs for caring for veterans, and member contributions, which include VA pension payments.

Joint Finance/Senate/Assembly: Modify the Governor's recommendation to require that any such transfer be subject to the approval of the Joint Committee on Finance under a 14-day passive review process.

13. NURSE STIPEND [LFB Paper 835]

PR	\$87,400
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Joint Finance/Senate/Assembly: Provide \$43,700 PR and delete \$43,700 SEG (budgeted under the Department of Health and Family Services) annually to transfer the source of funding for the nurse stipend program from veterans trust fund SEG to the institutional operations appropriation for the veterans homes.

Under the nurse stipend program, DVA provides stipends to individuals to attend school and receive the necessary credentials to become employed at the Veterans Home at King or the Southern Wisconsin Veterans Retirement Center at Union Grove. Recipients are required to work for DVA for one year for each year that they received a stipend.

14. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Restore 6.0 heating and power plant facility positions at the Veterans Home at King in Waupaca County. [See "Administration -- General Agency Provisions."]

Joint Finance/Senate/Assembly: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (6.0 PR positions annually) will be reflected in the adjusted base position counts.

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

1. REQUIRE APPROVAL OF WHEFA APPLICANTS BY THE DHFS SECRETARY

Governor: Require that the Wisconsin Health and Educational Facilities Authority (WHEFA) inform the Secretary of the Department of Health and Family Services (DHFS) of any health facility or participating health institution that seeks financial assistance. Specify that WHEFA could not provide any financial assistance to a health facility or participating health institution unless the facility or institution demonstrates progress in improving medical information systems technology, as determined by the Secretary of DHFS. Provide that these provisions would first apply to applications for financial assistance made on or after the bill's effective date.

Joint Finance/Senate/Assembly: Delete provision.

WISCONSIN TECHNICAL COLLEGE SYSTEM

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 870]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$491,200	\$2,200	\$493,400
FED	823,200	79,800	903,000
PR	<u>31,000</u>	<u>12,600</u>	<u>43,600</u>
Total	\$1,345,400	\$94,600	\$1,440,000

Governor: Adjust the base budget by \$245,600 GPR, \$411,600 FED, and \$15,500 PR annually for: (a) full funding of continuing salaries and fringe (\$240,600 GPR, \$401,600 FED, and \$15,500 PR annually); and (b) full funding of lease costs and directed moves (\$5,000 GPR and \$10,000 FED annually).

Joint Finance/Senate/Assembly: Provide an additional \$1,100 GPR, \$39,900 FED, and \$6,300 PR annually in order to fully fund continuing salaries and fringe. This correction was requested by the administration.

2. REESTIMATE PERSONNEL CERTIFICATION REVENUE

PR	\$110,000
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Governor/Joint Finance/Senate/Assembly: Provide \$55,000 annually as a reestimate of personnel certification course revenue. These revenues represent fees charged by the WTCS Board to certify district educational and certain administrative personnel. Annual base funding is \$228,600.

3. TUITION AND FEE REMISSIONS FOR THE CHILDREN OF CERTAIN VETERANS

Governor/Joint Finance/Senate/Assembly: Delete the requirement that the children of certain veterans be enrolled as full-time students to receive tuition and fee remissions. In addition, modify current law such that the children of certain veterans are eligible for tuition remissions provided they are at least 17 years old. These changes would first apply to students enrolled in the 2007-08 academic year.

Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or 8 semesters, whichever is longer, to a student who is the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty, died as the result of a service-connected disability, or died in the line of duty, provided that the student is at least 18 years old but not yet 26 years old and enrolled full-time.

4. FIRE DUES STATE OPERATIONS [LFB Paper 227]

Joint Finance/Senate/Assembly: Require that the unencumbered balance in the WTCS fire schools state operations appropriation revert to the fire dues distribution appropriation at the end of each fiscal year, beginning June 30, 2008.

Under current law, unencumbered balances in the appropriation carry over to the next fiscal year.

WORKFORCE DEVELOPMENT

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance/Senate/Assembly: Provide adjustments of -\$318,000 GPR annually; -\$2,709,400 FED and -15.5 FED positions in 2007-08; -\$2,884,800 FED and -17.5 FED positions in 2008-09; -\$9,793,100 PR annually; and \$321,100 SEG annually. Adjustments are for: (a) turnover reduction (-\$221,700 GPR, -\$1,696,100 FED, -\$726,700 PR, and -\$152,800 SEG annually); (b) removal of noncontinuing elements from the base (-\$780,400 FED and -15.5 FED positions in 2007-08, -\$955,800 FED and -17.5 FED positions in 2008-09, and -\$7,615,600 PR annually); (c) full funding of continuing salaries and fringe benefits (-\$96,400 GPR, -\$232,900 FED, -\$1,769,400 PR, and \$473,900 SEG annually); (d) overtime (\$224,500 PR annually); (e) night and weekend differential (\$94,100 PR annually); and (f) minor transfers within the same alpha appropriation (\$100 GPR annually). The \$7,615,600 PR annually in the removal of noncontinuing items consists of one-time funding from accumulated assigned child support collections used to support TANF-related programs and the child support program during the 2005-07 biennium.

	Funding	Positions
GPR	-\$636,000	0.00
FED	- 5,594,200	- 17.50
PR	- 19,586,200	0.00
SEG	642,200	0.00
Total	-\$25,174,200	- 17.50

2. OFFICE OF ECONOMIC ADVISORS POSITION REALIGNMENT

Governor/Joint Finance/Senate/Assembly: Reduce funding for the workforce investment and assistance appropriation by \$86,300 FED annually and 1.0 FED position, beginning in 2007-08, and increase funding for the workforce development administrative services appropriation by \$86,300 PR annually and 1.0 PR position, beginning in 2007-08, to more accurately reflect the responsibilities of the position of the Director of the Office of Economic Advisors.

	Funding	Positions
FED	-\$172,600	- 1.00
PR	172,600	1.00
Total	\$0	0.00

Employment, Training, and Vocational Rehabilitation Programs

1. VOCATIONAL REHABILITATION -- PROGRAM AND FEDERAL APPROPRIATION REVENUE AND EXPENDITURE REESTIMATES [LFB Paper 880]

FED	\$3,509,300
PR	- 510,000
Total	\$2,999,300

Governor/Joint Finance/Senate/Assembly: Provide expenditure authority adjustments to DVR appropriations to reflect revenue and expenditure reestimates as follows:

a. A decrease of \$55,000 PR annually to reflect lower rent payments from legally blind business enterprise program (BEP) participants who operate vending or cafeteria sites on state property in the supervised business enterprise appropriation for revenue on net proceeds from businesses participating in BEP.

b. An increase of \$873,100 FED in 2007-08 and \$2,636,200 FED in 2008-09 to reflect estimated annual increases in federal Title I-B case service aids allocated to Wisconsin in the appropriation for federal Title I-B rehabilitation service aids.

c. A decrease of \$200,000 PR annually to reflect a decrease in Title I-B matching funds from cooperative arrangements with other state agencies in the interagency and intra-agency aids appropriation for funds from other state agencies and Department divisions for rehabilitation services.

2. VOCATIONAL REHABILITATION -- INCREASE CASE SER- VICES FUNDING [LFB Paper 880]

GPR	\$1,619,800
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Governor/Joint Finance/Senate/Assembly: Provide \$571,300 in 2007-08 and \$1,048,500 in 2008-09 for vocational rehabilitation case services funding for the Division of Vocational Rehabilitation (DVR) to provide matching funds for increased federal funds.

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Disabled individuals apply for services and staff counselors arrange evaluations to determine eligibility and subsequent services for those deemed eligible.

The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year, the federal government allocates a certain amount of funds to each state. A match of 21.3% state funds to 78.7% federal funds is required to receive federal monies. DVR uses GPR case service and administrative funds to provide this match.

3. WORKER'S COMPENSATION -- WORK INJURY SUPPLEMENTAL BENEFIT FUND APPROPRIATION INCREASE

SEG	\$3,000,000
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Governor/Joint Finance/Senate/Assembly: Provide \$1,500,000 expenditure authority annually in the work injury supplemental benefit fund appropriation to more closely reflect revenues and expenditures in the appropriation. The work injury supplemental benefit fund is used to pay: (a) supplemental benefits to employees; (b) additional death benefits to children; (c) claims with at least 200 weeks of preexisting disability; and (d) certain disbarred claims. Employers or insurers must make the following payments to the fund: (a) \$20,000 if a work-related injury is the proximate cause of death; (b) \$20,000 for the total impairment or loss of a hand, arm, leg, or eye; or (c) the death benefit when there are no dependents. In addition, employers and insurers that fail to keep certain records or file certain reports pay surcharges into the fund.

4. WORKER'S COMPENSATION -- UNINSURED EMPLOYERS FUND APPROPRIATION INCREASE

SEG	\$1,900,000
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Governor/Joint Finance/Senate/Assembly: Provide \$950,000 expenditure authority annually in the uninsured employers fund (UEF) appropriation to more closely reflect revenues and expenditures in the appropriation. The uninsured employers fund is used to make worker's compensation benefit payments for valid claims filed by employees who are injured while working for illegally uninsured employers. The UEF is funded through penalties assessed against employers for illegally operating a business without worker's compensation insurance.

5. WORKER'S COMPENSATION -- FUNDING FOR RESOLUTION OFFICER POSITION AND MOU SUPPORT

SEG	\$451,700
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Governor/Joint Finance/Senate/Assembly: Provide expenditure authority of \$221,500 in 2007-08 and \$230,200 in 2008-09 in the worker's compensation operations appropriation to provide funding for a resolution officer position at the Department of Justice (DOJ), and a memorandum of understanding (MOU) with the University of Wisconsin Hygiene Lab. The resolution officer position is responsible for reviewing and processing certain worker's compensation claims, and DOJ invoices DWD for the costs associated with it. Under the MOU, DWD pays the state match to federal funds for costs associated with the UW-Hygiene Lab's Occupational Safety and Health Survey (OSHS) and the Census of Fatal Occupational Injuries (CFOI) programs. The OSHS program conducts an annual survey to obtain detailed information that measures the incidence of work-related injuries and occupational illnesses in Wisconsin. The CFOI collects and compiles information related to occupational injuries and illnesses that are fatal. The source of revenue for the worker's compensation operations appropriation is the annual administrative assessment on worker's compensation insurance carriers and self-insured employers.

6. UNEMPLOYMENT INSURANCE -- EXPENDITURE AUTHORITY FOR UNEMPLOYMENT INFORMATION TECHNOLOGY SYSTEMS [LFB Paper 882]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$1,300,000	-\$1,300,000	\$0

Governor: Provide annual expenditure authority of \$650,000 in the unemployment insurance (UI) interest and penalties, information technology systems appropriation. The funding would be used for the costs of developing and implementing the UI tax and accounting information technology system, and the benefit payment and appeals processing information technology system. The sources of funds for the appropriation are penalties for certain actions related to fraudulent benefit claims, penalties on employers for not filing wage reports in a timely manner or in the required media, and interest on delinquent tax contribution payments. Another provision in SB 40 would consolidate into a single PR appropriation all current appropriations that are funded by interest and penalty payments, including this appropriation.

Joint Finance/Senate/Assembly: Delete expenditure authority, but retain the separate unemployment insurance interest and penalties, information technology systems appropriation for funding the costs of renovation and modernization of the UI Division's systems.

7. UNEMPLOYMENT INSURANCE -- RENT COSTS FOR MILWAUKEE OFFICE [LFB Paper 882]

PR	\$44,600
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Governor/Joint Finance/Senate/Assembly: Provide increased expenditure authority of \$22,300 annually to fund rent costs for hearing space for the Division of UI in the Milwaukee state office building. The expenditure authority would be provided in the unemployment insurance administration appropriation funded by interest and penalty payments. Federal regulations prohibit using federal UI administrative grants to pay any portion of rent costs that are interest on debt service. These costs must be charged to a state funding source. Consequently, the Division cannot fund the rent costs from the general administrative appropriation in which federal funds are placed. Another provision in SB 40 would consolidate into a single PR appropriation all current appropriations that are funded by interest and penalties, including this appropriation.

8. UNEMPLOYMENT INSURANCE -- INTEREST AND PENALTY PAYMENTS APPROPRIATIONS CONSOLIDATION

Governor: Delete expenditure and position authority for unemployment insurance interest and penalty appropriations for: (a) reserve fund research; (b) administration of the UI program or state unemployment insurance programs authorized by the Governor under state law; (c) renovation and modernization of UI information technology systems; and (d) funding for the Department of Justice to enforce the state unemployment insurance law. The funding

and position authority from these appropriations would be consolidated into the current unemployment insurance interest and penalty payments appropriation that is used to fund benefit payments in cases where individual employer accounts or the trust fund balancing account are not charged, and for interest on refunded contested tax payments. The new consolidated appropriation would be designated to fund all of the activities that the separate appropriations currently fund. Annual expenditure authority of \$2,377,900 PR and 2.50 PR positions would be transferred to the new consolidated appropriation. The sources of funding for the consolidated appropriation are penalties for certain actions related to fraudulent benefit claims, penalties on employers for not filing wage reports in a timely manner or in the required media, and interest on delinquent tax contribution payments. Currently, this revenue is first placed in the interest and penalty payments appropriation, and then transferred to each of the other separate appropriations.

Joint Finance/Senate/Assembly: Modify provision to retain the unemployment insurance interest and penalties, information technology systems appropriation as a separate appropriation funded by UI interest and penalties.

9. FEDERAL AND PROGRAM REVENUE APPROPRIATION RE-ESTIMATES

FED	\$40,300
PR	- 11,173,200
Total	- \$11,132,900

Governor/Joint Finance/Senate/Assembly: Increase funding by \$2,100 FED in 2007-08 and by \$38,200 FED in 2008-09, and decrease funding by \$5,577,600 PR in 2007-08 and by \$5,595,600 PR in 2008-09 to reflect a more accurate estimate of actual expenditures and revenues for various programs in the Divisions of Workforce Solutions and Economic Support. These modifications would: (a) provide \$2,100 FED in 2007-08 and \$38,200 FED in 2008-09 for the UI administration; apprenticeship appropriation to reflect an increase in pay-plan and health insurance calculations; (b) provide \$7,000 PR annually for the UI administration appropriation to reflect a cost-to-continue adjustment to maintain the existing level of reemployment services staffing; (c) delete \$2,375,400 PR annually from the workforce development local agreements appropriation and delete \$2,282,900 PR annually from the economic support interagency and intra-agency programs appropriation to reflect the current revenue estimates from local agreements, where workforce development boards, W-2 agencies, or local governments contract with DWD for employment and training services; (d) delete \$944,300 PR annually from the workforce development interagency and intra-agency agreements appropriation to reflect the current level of other-agency reimbursements related to transportation grants; and (e) provide \$18,000 PR in 2007-08 for the economic support gifts and grants appropriation to reflect non-federal match sources for an existing federal grant to provide legal advocacy for non-custodial parents in child support proceedings in Milwaukee. [A separate provision of the bill would consolidate the UI administration appropriation with the UI interest and penalty payments appropriation.]

10. BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE [LFB Paper 884]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$250,000	-\$250,000	\$0

Governor: Provide \$250,000 in 2007-08 from vital records fees from the licensing, review and certifying activities; fees; supplies and services appropriation in DHFS to provide grants to the Boys and Girls Clubs of Greater Milwaukee to fund programs that improve the social, academic, and employment skills of youths who reside in first class cities. Currently, Milwaukee is the only first class city in the state. These are new grants with no base funding.

The bill would create a PR appropriation in DWD into which funds from the DHFS appropriation would be transferred and used to funds grants to the Boys and Girls Clubs of Greater Milwaukee.

It should be noted that the bill provides funding for these grants in DWD only in 2007-08. However, the bill would continue to fund these grants in the new Department of Children and Families, beginning in 2008-09.

Joint Finance/Senate/Assembly: Delete provision.

Economic Support and Child Care

1. W-2 AGENCY PERFORMANCE BONUSES

Governor/Joint Finance/Senate/Assembly: Delete the statutory allocation and authority for performance bonuses. No funding has been allocated for W-2 agency performance bonuses since the 2001-2002 W-2 agency contracts.

2. CARETAKER OF A NEWBORN INFANT (CNI) GRANTS [LFB Paper 890]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	\$7,824,600	-\$7,824,600	\$0

Governor: Provide \$2,193,100 in 2007-08 and \$5,631,500 in 2008-09 to reflect an extension of the amount of time an eligible custodial parent of an infant could receive a monthly W-2 grant from 12 weeks, under current law, to 26 weeks. The funding includes \$2,734,600 in 2007-

08 and \$6,426,200 in 2008-09 for cash benefits, which would be partially offset by reductions in child care funding of \$541,500 in the first year and \$794,700 in the second year to reflect that individuals would be caring for their infants an additional 14 weeks, instead of engaging in work and training activities, and may not need child care.

Under current law, a person who meets the eligibility requirements for a W-2 employment position, and who is a custodial parent of a child who is 12 weeks old or less, may receive a monthly grant of \$673, unless another adult member of the W-2 group is participating in, or is eligible to participate in, a W-2 employment position, or is employed in unsubsidized employment. The parent may not be required to participate in a W-2 employment position during the 12 weeks. Receipt of a parent of a newborn grant does not constitute participation for purposes of time limits imposed on TANF and W-2 employment positions if the child was born not more than 10 months after the date the participant was first determined to be eligible for AFDC or a W-2 employment position. For a child born more than 10 months after the date the participant was first determined to be eligible for AFDC or a W-2 employment position, receipt of the grant does constitute participation unless the child was conceived as a result of a sexual assault or incest, which has been reported to a physician and to law enforcement authorities.

Under the bill, the parent could not be required to participate in a W-2 employment position during the 26 weeks. In addition, receipt of a CNI grant would constitute participation for purposes of time limits imposed on TANF and W-2 employment positions, regardless of when the child was born in relation to the determination of eligibility, unless the child was conceived as a result of a sexual assault, sexual assault of a child, or incest, which has been reported to a physician and to law enforcement authorities.

This provision would first apply to individuals who are determined to be eligible for W-2 and to be custodial parents of children who are 26 weeks old or less on the effective date of the bill. In addition, CNI grants would first constitute participation for purposes of time limits beginning with grants received on the effective date of the bill.

Joint Finance/Senate/Assembly: Delete provision.

3. CHILD CARE QUALITY RATING SYSTEM [LFB Paper 892]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	\$2,827,300	-\$2,827,300	\$0

Governor: Provide \$1,627,500 in 2007-08 and \$1,199,800 in 2008-09 to establish a child care quality rating system. Of these amounts \$436,200 in 2007-08 and \$444,900 in 2008-09 would be transferred to DHFS to support 6.0 FTE in its Bureau of Regulation and Licensing to implement the quality rating system and \$1,191,300 in 2007-08 and \$754,900 in 2008-09 would fund the quality rating computer system in DWD.

The bill would require the quality rating system to include licensed child care providers that receive reimbursement from the Wisconsin Shares program and child care providers that volunteer to be rated.

The bill would require DWD to make the rating information available to parents, guardians, and legal custodians of children who are recipients, or prospective recipients, of care and supervision from a child care provider that is rated under the system. DWD would have to provide this information on its Internet site.

The bill would require quality ratings to be completed by June 30, 2009, for all child care providers that are licensed and are receiving reimbursement under the Wisconsin Shares program on that date.

Joint Finance/Senate/Assembly: Delete provision.

4. KINSHIP CARE [LFB Paper 886]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	\$1,937,400	-\$150,400	\$1,787,000

Governor: Increase funding transferred to DHFS for the kinship care program by \$968,700 annually to reflect a reestimate of the number of families anticipated to use the kinship care program. The program provides monthly payments of \$215 per child to certain individuals caring for relative children. The total allocation under the bill would be \$23,655,000 annually, including \$21,953,500 for benefits, \$237,500 for administration, and \$1,464,000 for assessments.

Joint Finance/Senate/Assembly: Reduce funding by \$75,200 annually to reflect a reestimate of kinship care benefits. The total allocation under the bill would be \$23,579,800 annually, including \$21,878,300 for benefits, \$237,500 for administration, and \$1,464,000 for assessments.

5. CARETAKER SUPPLEMENT [LFB Paper 886]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	-\$243,200	-\$355,400	-\$598,600

Governor: Decrease TANF funding by \$121,600 annually for benefits and administration of the caretaker supplement for children of recipients of supplemental security income (SSI), administered by DHFS. TANF funding under the bill would total \$30,272,400 annually, including \$29,627,800 for benefits and \$644,600 for administration. The benefits amounts are based on reestimates of caseloads under the program.

Joint Finance/Senate/Assembly: Decrease funding by \$177,700 annually to reflect a reestimate to fully fund benefits for the program. TANF funding under the bill would total \$30,094,700 annually, including \$29,450,100 for benefits and \$644,600 for administration.

6. BOYS AND GIRLS CLUBS [LFB Paper 895]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	\$100,000	-\$100,000	\$0

Governor: Provide increased TANF funding of \$50,000 annually to the Boys and Girls Clubs of America to support programs that improve the social, academic, and employment skills of youths who are eligible to receive TANF. TANF funding for the Boys and Girls Clubs of America would total \$350,000 annually.

Joint Finance/Senate/Assembly: Delete provision. As a result, TANF funding for the Boys and Girls Clubs of America would total \$300,000 annually.

7. GRANTS TO EDUCARE CENTER OF MILWAUKEE [LFB Paper 895]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
FED	\$1,500,000	-\$1,500,000	\$0

Governor: Provide \$750,000 annually to the Educare Center of Milwaukee. The Educare Center of Milwaukee is an initiative of the Bounce Learning Network with its focus on the improvement of early childhood development and education for children from socially and economically disadvantaged backgrounds.

Joint Finance/Senate/Assembly: Delete provision.

8. EARLY CHILDHOOD EXCELLENCE

Governor/Joint Finance/Senate/Assembly: Delete the TANF allocation for the early childhood excellence program. Funding was eliminated in 2005-06.

Child Support

1. INCREASE THE CENTRALIZED RECEIPT AND DISBURSEMENT FEE [LFB Paper 906]

PR	\$5,209,600
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Governor/Joint Finance/Senate/Assembly: Provide \$1,906,500 in 2007-08 and \$3,303,100 in 2008-09 to reflect a revised estimate of revenues from the annual CR&D fee. This annual fee is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child support related payments.

Of these amounts, an increase of \$2,094,900 in 2007-08 and \$3,491,500 in 2008-09 is due to increasing the fee from \$35 under current law to \$65, beginning January 1, 2008. A reduction of \$188,400 annually reflects a reestimate of the CR&D fee revenue under current law.

Under current law, CR&D fee revenue is estimated at \$7,185,700 annually. With the fee increase from \$35 to \$65, estimated CR&D fee revenue would total \$9,280,600 in 2007-08 and \$10,677,200 in 2008-09.

2. REVENUE FROM NEW CHILD SUPPORT ANNUAL FEE [LFB Paper 907]

PR	\$4,125,000
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Governor: Provide \$1,375,000 in 2007-08 and \$2,750,000 in 2008-09 to reflect an estimate of the amount received from a new, federally-mandated annual child support fee of \$25. The federal Deficit Reduction Act of 2005 requires states to impose an annual fee of \$25 on each family that never received TANF benefits and for which the child support program collects at least \$500 in a year. These funds would be used for state operations of the child support enforcement program.

The bill would require DWD, or its designee, to collect the fee from an individual receiving child support or family support payments. The bill would authorize DWD, or its designee, to deduct the fee from maintenance, child or family support, or arrearage payments.

This provision would take effect on January 1, 2008.

Joint Finance/Senate/Assembly: Modify statutory language under the bill to specify that the annual fee would be assessed to all custodial parents who receive support payments as a result of contact with the child support enforcement program.

Statutory language under the original bill could be interpreted to assess the fee only to federal Title IV-D cases. "Title IV-D" refers to the section of the federal Social Security Act related to child support enforcement. Title IV-D cases are child support cases in which a person who has received public assistance has been referred to a child support agency for enforcement

services. In addition, Title IV-D cases include child support cases in which a person who has never received public assistance has applied for enforcement services. Non-Title IV-D cases are child support cases in which a person has never received public assistance and has never applied for Title IV-D services to collect child support. All child support orders are processed through the child support enforcement program's centralized receipt and disbursement system, regardless of whether they are Title IV-D cases.

3. FEDERAL SHARE OF ASSIGNED CHILD SUPPORT COLLECTIONS

PR	- \$1,466,600
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Governor/Joint Finance/Senate/Assembly: Decrease funding by \$493,100 in 2007-08 and \$973,500 in 2008-09 to reflect a reestimate of the federal share of assigned child support collections. Under current federal law, child support collected on behalf of families who have never received public assistance must be distributed to the family. However, in the case of families receiving assistance from the state, the state must: (a) first pay to the federal government the federal share of the support collected; and (b) retain, or distribute to the family, the remaining amount collected. The federal share is based on the federal financial participation rate for the Medicaid program in effect during the year in which the collections were made (currently about 58% in Wisconsin).

Overall collections of assigned child support are expected to be lower. A decrease in the state's share of assigned child support collections is reflected in the TANF-related revenue adjustments. In addition, the federal Deficit Reduction Act of 2005 modifies the amount of the federal share of assigned child support collections by: (a) giving states the option, beginning October 1, 2008, to pass through \$100 per month (\$200 per month for a family that has two or more children) without being required to pay the federal share on that amount; and (b) no longer requiring public assistance recipients, beginning October 1, 2009 (or October 1, 2008, if the state chooses), to assign their owed child support obligation to the state.

4. INTEREST ON BALANCES IN THE SUPPORT COLLECTIONS TRUST FUND [LFB Paper 905]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$382,800	- \$37,200	\$345,600

Governor: Increase expenditure authority by \$191,400 annually to reflect revised estimates of interest earnings on balances in the support collections trust fund, through which child support payments and other types of court-ordered family support payments pass. As with revenues from the CR&D fee, interest on trust fund balances helps fund operation of the centralized receipt and disbursement system. Base level funding is \$121,600. With the above increases, interest earnings are estimated at \$313,000 annually under the bill.

Joint Finance/Senate/Assembly: Increase expenditure authority by \$80,400 in 2007-08 and decrease expenditure authority by \$117,600 in 2008-09 to reflect revised estimates of interest earnings on balances in the support collections trust fund. Interest earnings are estimated at \$393,400 in 2007-08 and \$195,400 in 2008-09.

5. REVENUE FROM UNCLAIMED PAYMENTS [LFB Paper 905]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$100,000	\$316,000	\$416,000

Governor: Increase expenditure authority by \$500,000 in 2007-08 and reduce expenditure authority by \$400,000 in 2008-09 to reflect a revised estimate of revenues from child support payments that were not able to be distributed. Child support payments that are unclaimed are used for the child support enforcement program. With the adjustments indicated, revenues from unclaimed payments are expected to total \$1,000,000 in 2007-08 and \$100,000 in 2008-09. The reduction of revenue in 2008-09 reflects the implementation of direct deposit and debit card disbursement procedures, which is expected to occur during the 2007-09 biennium.

Joint Finance/Senate/Assembly: Reduce expenditure authority by \$53,200 in 2007-08 and increase expenditure authority by \$369,200 in 2008-09 to reflect revised estimates of revenues from child support payments that were not able to be distributed. Revenues from unclaimed payments are expected to total \$946,800 in 2007-08 and \$469,200 in 2008-09.

6. INTERSTATE CHILD SUPPORT ENFORCEMENT

Governor/Joint Finance/Senate/Assembly: Modify current law to authorize DWD to send another state's request for enforcement of a lien based on delinquent child support to a financial institution.

Under current law, if a person who has been ordered by a court to pay child or family support, maintenance, medical expenses of a child, or birth expenses fails to pay any of the court-ordered amount, the amount not paid becomes a lien against the person's property in favor of DWD. DWD may enforce the lien by levying against an account in which the person has an interest at a financial institution. DWD must follow certain notice procedures and the person against whom the lien is enforced may request a hearing. Both DWD and the financial institution may assess collection fees, which are charged against the person's account.

The federal Deficit Reduction Act of 2005 requires all states to implement interstate enforcement of liens on accounts at financial institutions and to give full faith and credit to other states' due process rights, rather than their own state's processes.

Therefore, the bill would expand current law to include liens in favor of other states. The bill would define "lien" as a lien in favor of DWD or a lien in favor of another state based on a support obligation. The bill would also specify the notice procedures that DWD would be

required to follow if the lien is in favor of another state. The notice sent by DWD to the financial institution would consist of the request from the other state to enforce the lien, a certification by DWD that any necessary due process requirements were met in the other state, a request that the financial institution honor the request from the other state by sending the amount specified directly to the other state, and the address where the funds must be sent. In addition, the bill would specify that the notice and hearing requirements that apply to a lien in this state do not apply to a lien in favor of another state.

Finally, the bill would authorize a financial institution to assess collection fees for liens that are in favor of another state.

7. PAYMENT OF VITAL RECORDS FEES AFTER PATERNITY JUDGMENTS [LFB Paper 908]

Joint Finance/Senate/Assembly: Provide that if the clerk of court or county child support agency is unable to collect a vital records fee for modifying a birth certificate following an action to establish paternity DWD would be required to pay the fee and could not require the county or child support agency to reimburse it for the cost. This provision would first apply with reports of determinations of paternity filed with the state registrar on the bill's general effective date.